

# All Funds Summary

The tables below offers a history of revenues and expenditures for all the City's operating funds.

| All Funds Revenues                   | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|--------------------------------------|---------------------|---------------------|---------------------|----------------|
| Taxes                                | 26,229,753          | 27,350,000          | 30,860,000          | 12.8%          |
| Licenses & Permits                   | 1,848,450           | 2,142,540           | 2,109,000           | -1.6%          |
| Other Governments                    | 15,009,998          | 15,195,482          | 16,868,600          | 11.0%          |
| Charges for Services                 | 20,178,350          | 21,484,456          | 21,443,362          | -0.2%          |
| Fines and Forfeitures                | 1,206,224           | 1,044,412           | 1,194,000           | 14.3%          |
| Use of Money & Prop.                 | 1,378,284           | 942,807             | 1,616,040           | 71.4%          |
| Other/Transfers In                   | 18,229,318          | 6,312,554           | 8,991,060           | 42.4%          |
| Appropriated Fund Balance/Net Assets | 0                   | 14,579,308          | 2,587,073           | -82.3%         |
| <b>Total Revenues</b>                | <b>\$84,080,377</b> | <b>\$89,051,559</b> | <b>\$85,669,135</b> | <b>-3.8%</b>   |

| All Funds Expenditures              | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|-------------------------------------|---------------------|---------------------|---------------------|----------------|
| Personnel                           | 36,662,128          | 40,795,767          | 42,213,142          | 3.5%           |
| Operating                           | 13,632,059          | 17,746,235          | 19,491,044          | 9.8%           |
| Capital Outlay                      | 564,185             | 889,155             | 875,508             | -1.5%          |
| Administrative                      | 1,382,127           | 1,423,592           | 1,376,500           | -3.3%          |
| Other/Transfers Out <sup>(1)</sup>  | 3,968,351           | 4,143,731           | 5,054,017           | 22.0%          |
| Transfer to CIP                     | 2,448,496           | 1,607,286           | 1,812,824           | 12.8%          |
| Addition to Fund Balance/Net Assets | 0                   | 563,581             | 643,800             | 14.2%          |
| Debt Service                        | 4,681,212           | 4,848,712           | 8,091,500           | 66.9%          |
| Subtotal                            | \$63,338,559        | \$72,018,059        | \$79,558,335        | 10.5%          |
| Debt Service Fund                   | 4,559,441           | 17,033,500          | 6,110,800           | -64.1%         |
| <b>Total Expenditures</b>           | <b>\$67,898,000</b> | <b>\$89,051,559</b> | <b>\$85,669,135</b> | <b>-3.8%</b>   |

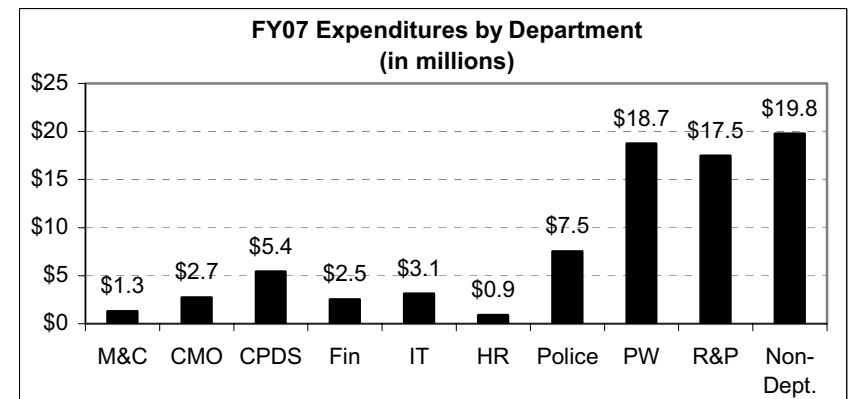
<sup>(1)</sup> Actual FY05 does not include \$114,613 of CDBG prior year expenditures.

The table below summarizes expenditures by department, for all funds combined.

| Expenditures by Department:      | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|----------------------------------|---------------------|---------------------|---------------------|----------------|
| Mayor and Council                | 1,214,914           | 1,291,284           | 1,308,368           | 1.3%           |
| City Manager                     | 1,970,109           | 2,681,457           | 2,741,321           | 2.2%           |
| CPDS                             | 3,593,263           | 5,366,462           | 5,414,822           | 0.9%           |
| Finance                          | 2,246,597           | 2,536,544           | 2,542,950           | 0.3%           |
| Information and Tech.            | 2,611,619           | 3,022,634           | 3,135,659           | 3.7%           |
| Community Services               | 1,868,818           | 1,273,446           | 0                   | -100.0%        |
| Human Resources                  | 846,471             | 894,763             | 909,516             | 1.6%           |
| Police                           | 5,757,563           | 6,895,963           | 7,517,318           | 9.0%           |
| Public Works                     | 14,546,477          | 17,000,387          | 18,731,631          | 10.2%          |
| Recreation & Parks               | 14,417,101          | 15,507,337          | 17,468,036          | 12.6%          |
| Non-Departmental                 | 14,265,627          | 15,547,782          | 19,788,714          | 27.3%          |
| Subtotal                         | 63,338,559          | 72,018,059          | 79,558,335          | 10.5%          |
| Debt Service Fund <sup>(1)</sup> | 4,559,441           | 17,033,500          | 6,110,800           | -64.1%         |
| <b>Total <sup>(2)</sup></b>      | <b>\$67,898,000</b> | <b>\$89,051,559</b> | <b>\$85,669,135</b> | <b>-3.8%</b>   |

<sup>(1)</sup> The Debt Service Fund receives transfers from other funds to pay off general obligation bonds. Since these transfers are already listed as Debt Service expenditures within originating funds, there is a double-counting effect when the Debt Service Fund records the same expenditures. For this reason, the Debt Service Fund is isolated.

<sup>(2)</sup> In FY06 the City paid off \$12.4 million in short-term debt that was used to support the financing of the Town Center project. The payment was made from the Debt Service Fund.



# Statement of Projected Unreserved Equity in City Funds

The schedule below depicts the anticipated beginning and ending unreserved fund balance (or, in the case of an enterprise fund, net assets) for each of the City's funds. Unreserved fund balance is the accumulated total of all prior years' actual revenues in excess of expenditures, commonly referred to a "surplus." These amounts are not invested in capital assets nor have they been committed or "reserved" for encumbrances, self-insurance, or other purposes.

It is important to maintain a fund balance to ensure that City operations are not unduly affected by large, unexpected increases in expenditures or reductions in revenues. For example, a sustained economic slowdown could result in stagnant property and income tax receipts that would necessitate the use of fund balances. Furthermore, healthy fund balances allow the City to maintain high bond ratings, which reduces the cost of borrowing.

1. During FY06, each of these funds was analyzed and multi-year strategies were developed to ensure increasing net assets in future years. The Water and Sewer Rate Study included recommendations that were adopted by the Mayor and Council, including the initiation of a flat fee to be charged to each account each billing cycle; an increase in various one-time charges for special services; and the establishment of a multi-year schedule of rate increases. With regard to the Refuse Fund, FY06 marked the beginning of a pilot program that is assessing the viability of a once-a-week, curbside, semi-automated collection program that would yield substantial savings over the current program. Finally, the Mayor and Council adopted recommendations for the RedGate Golf Course Fund that would reduce the administrative charge it transfers to the General Fund by half, and bring more players to the course by enhancing marketing efforts.
2. The purpose of the Special Activities Fund is to segregate funds that are subject to legal restrictions on their use. It is not the City's policy to maintain a balance in this fund.

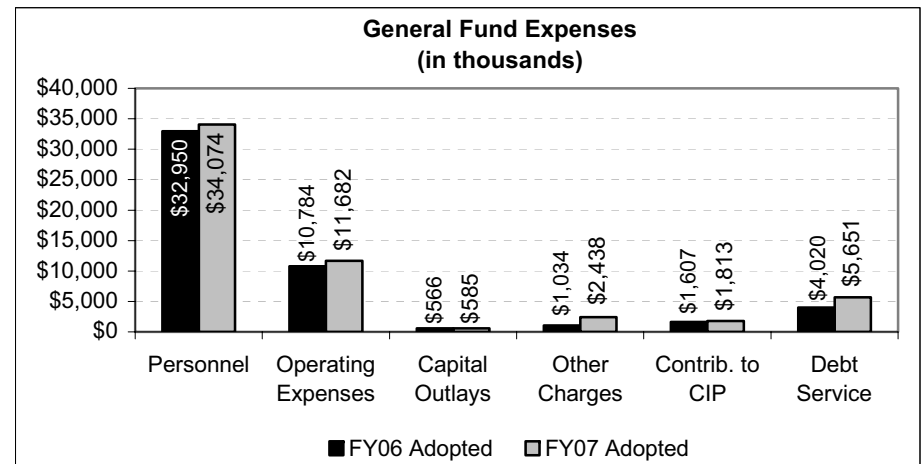
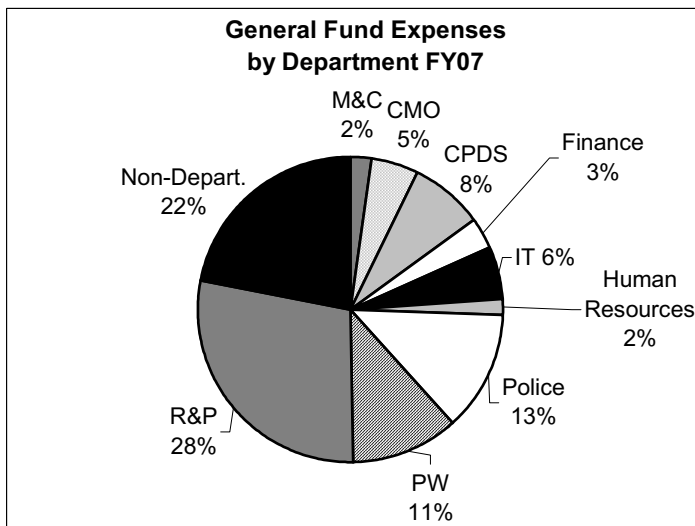
| Fund                             | Projected Fund Balance<br>June 30, 2006 | Plus Projected Revenue<br>FY07 | Less Projected Expenditure<br>FY07 | Projected Fund Balance<br>June 30, 2007 |
|----------------------------------|---|--------------------------------|------------------------------------|---|
| General                          | \$14,500,000                            | \$56,243,155                   | \$56,243,155                       | \$14,500,000                            |
| Water <sup>1</sup>               | 150,000                                 | 4,149,000                      | 5,808,098                          | (1,509,098)                             |
| Sewer <sup>1</sup>               | 1,700,000                               | 5,790,000                      | 5,938,174                          | 1,551,826                               |
| Refuse <sup>1</sup>              | 500,000                                 | 5,129,807                      | 5,283,124                          | 346,683                                 |
| Parking                          | (1,900,000)                             | 2,313,724                      | 2,063,724                          | (1,650,000)                             |
| Stormwater Management            | 9,200,000                               | 1,100,000                      | 1,248,982                          | 9,051,018                               |
| RedGate Golf Course <sup>1</sup> | (900,000)                               | 1,303,700                      | 1,458,646                          | (1,054,946)                             |
| Special Activities <sup>2</sup>  | 350,000                                 | 129,140                        | 451,696                            | 27,444                                  |
| Comm. Dev. Block Grant           | 0                                       | 760,000                        | 760,000                            | 0                                       |
| Town Center Management           | 0                                       | 52,736                         | 52,736                             | 0                                       |
| Debt Service                     | 2,400,000                               | 6,110,800                      | 5,717,000                          | 2,793,800                               |
| <b>Total</b>                     | <b>\$26,200,000</b>                     | <b>\$83,082,062</b>            | <b>\$85,025,335</b>                | <b>\$24,056,727</b>                     |

# General Fund Summary

The General Fund is the primary operating fund of the City and is used to account for the normal recurring activities. Many of the City administrative functions are supported through this fund. The major revenue sources for the General Fund are property taxes, income taxes, gasoline and motor vehicle taxes, tax duplication payments from Montgomery County, and charges or user fees for services.

| Expenditures by Department: | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|-----------------------------|---------------------|---------------------|---------------------|----------------|
| Mayor and Council           | 1,196,677           | 1,261,284           | 1,278,368           | 1.4%           |
| City Manager                | 1,970,109           | 2,681,457           | 2,741,321           | 2.2%           |
| CPDS                        | 3,235,831           | 4,471,462           | 4,465,167           | -0.1%          |
| Finance                     | 1,555,661           | 1,722,106           | 1,832,428           | 6.4%           |
| Information and Tech.       | 2,611,619           | 3,022,634           | 3,135,659           | 3.7%           |
| Community Services          | 1,831,503           | 1,198,228           | 0                   | -100.0%        |
| Human Resources             | 846,471             | 894,763             | 909,516             | 1.6%           |
| Police                      | 5,663,133           | 6,784,719           | 7,191,131           | 6.0%           |
| Public Works                | 5,314,822           | 5,488,515           | 6,407,236           | 16.7%          |
| Recreation and Parks        | 13,348,331          | 14,125,146          | 15,879,314          | 12.4%          |
| Non-Departmental            | 8,983,788           | 9,310,960           | 12,403,014          | 33.2%          |
| <b>Total</b>                | <b>\$46,557,945</b> | <b>\$50,961,273</b> | <b>\$56,243,155</b> | <b>10.4%</b>   |

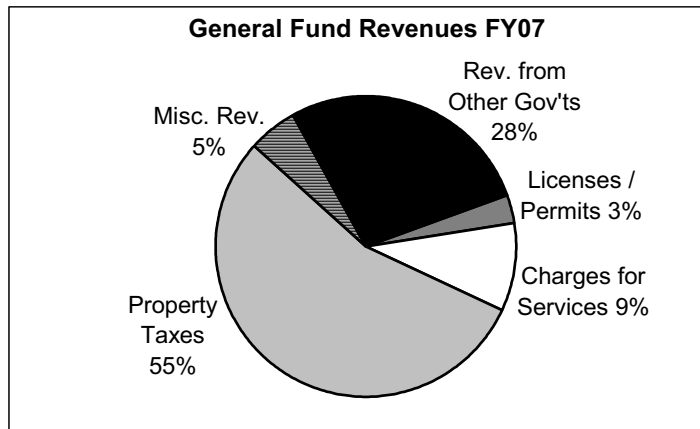
| Expenditures by Type:   | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|-------------------------|---------------------|---------------------|---------------------|----------------|
| Salaries                | 23,160,179          | 25,181,478          | 25,919,159          | 2.9%           |
| Benefits                | 6,233,348           | 7,117,891           | 7,508,761           | 5.5%           |
| Overtime                | 645,433             | 650,619             | 646,429             | -0.6%          |
| Personnel Subtotal      | 30,038,960          | 32,949,988          | 34,074,349          | 3.4%           |
| Contractual Services    | 5,484,294           | 6,920,726           | 7,079,902           | 2.3%           |
| Commodities             | 3,397,394           | 3,863,439           | 4,602,285           | 19.1%          |
| Operating Subtotal      | 8,881,688           | 10,784,165          | 11,682,187          | 8.3%           |
| Capital                 | 376,897             | 566,310             | 584,636             | 3.2%           |
| Other/Transfer          | 911,771             | 1,033,813           | 2,438,359           | 135.9%         |
| Contribution to the CIP | 2,448,496           | 1,607,286           | 1,812,824           | 12.8%          |
| Debt Service            | 3,900,133           | 4,019,712           | 5,650,800           | 40.6%          |
| <b>Total</b>            | <b>\$46,557,945</b> | <b>\$50,961,273</b> | <b>\$56,243,155</b> | <b>10.4%</b>   |



# General Fund Summary

Total FY07 General Fund revenues are budgeted at \$56,243,155 a 10.4% percent increase over the FY06 budget, net of the appropriated fund balance. The chart below compares revenues by source from FY05 – FY07. The pages that follow provide detailed information on the City's major General Fund revenue sources and comparative data by source for all General Fund revenue.

| General Fund Revenues:         | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|--------------------------------|---------------------|---------------------|---------------------|----------------|
| Property Taxes                 | 26,229,753          | 27,350,000          | 30,770,000          | 12.5%          |
| Licenses and Permits           | 1,638,639           | 1,742,540           | 1,709,000           | -1.9%          |
| Revenue from Other Governments | 14,324,018          | 14,218,014          | 15,512,100          | 9.1%           |
| Charges for Services           | 4,803,810           | 4,981,427           | 5,253,855           | 5.5%           |
| Fines and Forfeitures          | 811,771             | 636,000             | 784,000             | 23.3%          |
| Use of Money and Property      | 503,071             | 400,700             | 709,700             | 77.1%          |
| Other Revenue                  | 1,524,359           | 1,632,592           | 1,504,500           | -7.8%          |
| <b>Total</b>                   | <b>\$49,835,422</b> | <b>\$50,961,273</b> | <b>\$56,243,155</b> | <b>10.4%</b>   |



# General Fund Revenues, Detail of Major Revenue Sources

## Property Taxes – General

This category of revenue consists of taxes on the assessed value of real estate (including land and structures on the land) and taxes on the assessed value of personal property (inventory, furniture, and fixtures of business establishments). The tax rate is the amount levied per \$100 of assessed value, as determined by the State of Maryland Department of Assessments and Taxation. The Mayor and Council establish the tax rate each year in order to finance General Fund activities. In FY07, property taxes are budgeted to constitute 55 percent of the City's General Fund budget.

The assessable base of all taxable property fluctuates because of changes to the fair cash value of the existing base or because of the addition of new residential or commercial properties. The current projected increase in the tax base is fueled by a combination of development activities and reassessments of existing property.

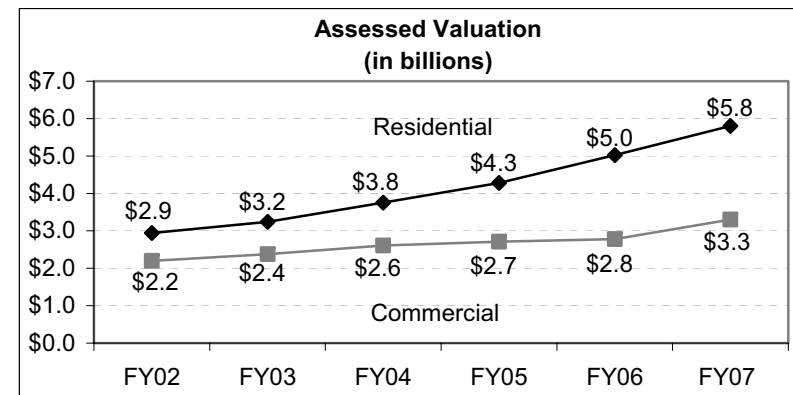
## Real Property Tax

The City of Rockville's adopted real property tax rate for FY07 has been reduced by one cent per \$100 of assessed value. This is the first reduction in seven years and brings the rate down to 31.2 cents. The State Department of Assessments and Taxation (SDAT) reassesses real property every three years, and tax bills are based on those assessments. For homeowners, any increase to assessed value is phased in equally over a three-year period, and the resulting increase in the property tax bill is capped at ten percent.

|               | Assessed Value of Real Property <sup>1</sup> | Percent Change |
|---------------|--|----------------|
| FY01 Actual   | \$4,881,473,288                              | 6.1%           |
| FY02 Actual   | \$5,365,409,658                              | 9.9%           |
| FY03 Actual   | \$5,921,959,542                              | 10.4%          |
| FY04 Actual   | \$6,312,353,479                              | 6.6%           |
| FY05 Actual   | \$7,193,741,551                              | 14.0%          |
| FY06 Estimate | \$8,128,000,000                              | 13.0%          |
| FY07 Budget   | \$9,246,000,000                              | 13.8%          |

(1) Assessed value as billed, which is limited by exemptions, the three-year phase-in, and the homestead tax credit, or ten percent cap on increases.

In Maryland law, the constant yield tax rate is defined as the property tax rate that would yield the same tax revenue as the previous year, not including new construction. When assessments increase and the tax rate remains unchanged, property tax revenue increases. The constant yield rate is the rate that would offset the increase in tax revenue that results from the increase in assessed value. For FY07, the constant yield rate is calculated to be 28.4 cents per \$100 of assessed value, or 2.8 cents below the adopted property tax rate. The difference equates to \$2.6 million in property tax revenue resulting from increased home values. In accordance with Maryland law, the constant yield rate was advertised and hearings were held prior to adoption of the budget.



Note: This chart is based on assessed values at the beginning of the tax year.

## Assumptions:

The FY07 budget for taxes on real property is based on the following information sources and assumptions:

- The calculation of the assessed value begins with an estimate prepared by SDAT of the assessed value of all real property that will be on the tax rolls as of the beginning of FY07, based on assessments conducted as of January 1, 2006.
- The City adds its estimate of the value of residential and commercial development that would be completed and assessed during the remainder of FY06 and throughout FY07.
- The revenue estimate is based on multiplying the assessed value by the tax rate, taking into consideration when during the year the tax on new property is levied, the impact of appeals and late payments, and the possibility of less than anticipated growth.

# General Fund Revenues, Detail of Major Revenue Sources

## Personal Property Tax

The City of Rockville's Adopted FY07 Personal Property tax rate remains unchanged at 80.5 cents per \$100 of assessed value. In accordance with Maryland law, the personal property tax only applies to businesses. The City has enacted the following exemptions from personal property tax: (1) 82% of the value of commercial inventory; (2) 82% of the value of manufacturing or research and development inventory; and (3) 100% of the value of manufacturing or research and development machinery.

|               | Assessed Value of<br>Personal Property | Percent<br>Change |
|---------------|--|-------------------|
| FY01 Actual   | \$431,263,580                          | 4.7%              |
| FY02 Actual   | \$475,731,730                          | 10.3%             |
| FY03 Actual   | \$471,400,091                          | -0.9%             |
| FY04 Actual   | \$405,552,350                          | -14.0%            |
| FY05 Actual   | \$401,877,050                          | -0.9%             |
| FY06 Estimate | \$420,000,000                          | 4.5%              |
| FY07 Budget   | \$440,000,000                          | 4.8%              |

### Assumptions:

The projection is based on an estimate of FY07 assessments from SDAT. In recent years, a general weakening in business investment has resulted in a declining personal property tax base, which is affected by depreciation. However, personal property assessments have modestly increased in FY06, and it is anticipated that there will be an increase in FY07. The impact of appeals, late payments, and the collection rate is taken into consideration in the estimate.

## Property Taxes

The combined property tax receipts for FY07 are expected to amount to \$30,770,000, which is 12.5 percent more than the budget for FY06. Detailed information on property tax revenue is provided on the preceding pages.

| Property Taxes:  | Actual<br>FY05      | Adopted<br>FY06     | Adopted<br>FY07     | Percent<br>Change |
|--|---------------------|---------------------|---------------------|-------------------|
| <b>Real Property –</b><br>Revenues from taxes on assessed value of real estate including land, structures, and improvements  | 22,915,647          | 24,330,000          | 27,500,000          | 13.0%             |
| <b>Personal Property: Corporations –</b><br>Revenue from taxes on assessed valuation of inventory, furnishings, and fixtures of incorporated businesses                | 3,216,233           | 2,900,000           | 3,150,000           | 8.6%              |
| <b>Personal Property: Unincorporated Businesses –</b><br>Revenue from taxes on assessed valuation of inventory, furnishings, and fixtures of unincorporated businesses | 31,766              | 35,000              | 35,000              | 0.0%              |
| <b>Interest on Taxes –</b><br>Interest paid on delinquent taxes  | 66,107              | 85,000              | 85,000              | 0.00%             |
| <b>Total Property Taxes</b>  | <b>\$26,229,753</b> | <b>\$27,350,000</b> | <b>\$30,770,000</b> | <b>12.5%</b>      |

# General Fund Revenues, Detail of Major Revenue Sources

## Income Tax

This category of revenue consists of the City's share of income taxes received by the State of Maryland for returns filed from Rockville. Revenue from income tax payments has increased substantially. In FY07, income taxes are budgeted to constitute 14 percent of the City's General Fund budget. The income tax is the second largest source of revenue to the General Fund, and is expected to equal about 25 percent of the property tax in FY07.

Maryland counties are able to impose an income tax that is separate from the State income tax. According to Maryland law, municipalities receive 17 percent of county income tax collected within the municipality. Montgomery County's income tax rate is currently 3.2 percent.

|                              | Income Tax Revenue | Percent Change |
|------------------------------|--------------------|----------------|
| FY01 Adjusted <sup>(1)</sup> | \$6,358,239        | 16.3%          |
| FY02 Actual                  | \$6,468,570        | 1.7%           |
| FY03 Actual                  | \$6,281,463        | -2.9%          |
| FY04 Actual                  | \$7,019,049        | 11.7%          |
| FY05 Actual                  | \$7,874,409        | 12.2%          |
| FY06 Estimate                | \$8,000,000        | 1.6%           |
| FY07 Budget                  | \$7,700,000        | -3.8%          |

<sup>(1)</sup> Actual revenue in FY01 was \$6,957,578 before adjustment for the prior year's late filers.

### Assumptions:

The FY07 budget anticipates a small decrease from the FY06 estimate because of the unusually high rate of growth in FY04 and FY05. While substantial growth in income tax receipts is to be expected in view of the City's rapid population growth, capital gains and losses reported on income tax returns can cause major variations from one year to the next. It would not be prudent to project revenue equal to the prior year given the massive growth that has taken place so quickly, as there is a possibility this is the result of one-time capital gains on a few tax returns.

## Licenses and Permits

Building permit receipts are not growing due to the stabilization of development activity. The FY07 budget is based on estimated development activity during the fiscal year.

| Licenses and Permits:   | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|---|--------------------|--------------------|--------------------|----------------|
| <b>Traders Licenses –</b><br>Fees collected from local businesses by the State and returned to the City   | 111,655            | 100,000            | 100,000            | 0.0%           |
| <b>Building Permits –</b><br>Revenue from permits issued for building construction/electrical work, plumbing, sewer, water, and gas connections | 1,156,278          | 1,100,000          | 1,100,000          | 0.0%           |
| <b>Rental Licenses –</b><br>Licensing fee for the annual unit inspection of single-family dwellings   | 266,925            | 442,540            | 410,000            | -7.4%          |
| <b>Animal Licenses –</b><br>Revenue from the sale of dog and cat licenses to dog and cat owners within the City                                 | 17,784             | 17,000             | 17,000             | 0.0%           |
| <b>Other Non-Business Licenses –</b><br>Revenue from the issuance of local licenses and permits not elsewhere classified                        | 85,996             | 83,000             | 82,000             | -1.2%          |
| <b>Total Licenses and Permits</b>   | <b>\$1,638,639</b> | <b>\$1,742,540</b> | <b>\$1,709,000</b> | <b>-1.9%</b>   |

# General Fund Revenues, Detail of Major Revenue Sources

## Revenue From Other Governments

A discussion of projected income tax receipts is provided on the preceding pages. The City received less than its full proportion of statewide gasoline and motor vehicle taxes in FY04, FY05, and FY06. The City anticipates that the State will provide the full allocation in FY07.

| Revenue From Other Governments:  | Actual FY05 | Adopted FY06 | Adopted FY07 | Percent Change |
|--|-------------|--------------|--------------|----------------|
| <b>Police Protection Grants –</b><br>City's share of State and federal funds for police protection   | 581,744     | 562,075      | 562,000      | 0.0%           |
| <b>State Grants –</b><br>State funds for a Victims Advocate and for Homeland Security efforts under the Maryland Emergency Management Agency | 9,467       | 28,742       | 9,400        | -67.3%         |
| <b>County Grants –</b><br>Linkages to Learning   | 0           | 181,575      | 181,500      | 0.0%           |
| <b>Youth and Family Services Grants –</b><br>County and State payments to support Youth Services programs                                    | 294,198     | 101,815      | 101,800      | 0.0%           |
| <b>Recreation Grants –</b><br>Grants from the State and corporations for various recreation programs including Senior Center grants          | 43,605      | 30,995       | 31,000       | 0.0%           |
| <b>Income Taxes –</b><br>City's share of income tax received by the State for returns filed from Rockville                                   | 7,874,409   | 6,750,000    | 7,700,000    | 14.1%          |
| <b>Gasoline and Motor Vehicle Taxes –</b> City's share of gasoline tax and vehicle registrations collected by the state                      | 2,497,973   | 3,000,000    | 3,400,000    | 13.3%          |

| Revenue From Other Governments:   | Actual FY05         | Adopted FY06        | Adopted FY07        | Percent Change |
|---|---------------------|---------------------|---------------------|----------------|
| <b>Admissions and Amusements Receipts –</b><br>Taxes on admissions are returned to municipalities by the State on the basis of the amount collected | 882,405             | 985,000             | 800,000             | -18.8%         |
| <b>Tax Duplication Rebate –</b><br>Revenue sharing from the County as a partial reimbursement to municipalities for tax duplication                 | 1,698,450           | 2,131,797           | 2,228,400           | 4.5%           |
| <b>Traffic Signal Maintenance Fees –</b><br>Reimbursement from the State for maintenance of traffic signals in the city limits of Rockville         | 3,731               | 5,000               | 5,000               | 0.0%           |
| <b>Cable Franchise Fees –</b><br>City's share of Montgomery County's cable franchise fee, plus County cable operating grant                         | 424,768             | 427,750             | 480,000             | 12.2%          |
| <b>Payment in Lieu of Taxes –</b><br>Revenue received from Montgomery County in lieu of financial corporation taxes                                 | 13,265              | 13,265              | 13,000              | -2.0%          |
| <b>Total Revenue-Other Governments</b>  | <b>\$14,324,015</b> | <b>\$14,218,014</b> | <b>\$15,512,100</b> | <b>9.1%</b>    |



# General Fund Revenues, Detail of Major Revenue Sources

## Charges for Services

Revenues in this category come from charges to users who individually benefit from a particular service offered by the City. The largest revenue in this group, recreation program fees, is expected to continue its steady growth.

| Charges for Services:   | Actual<br>FY05 | Adopted<br>FY06 | Adopted<br>FY07 | Percent<br>Change |
|---|----------------|-----------------|-----------------|-------------------|
| <b>Zoning Fees –</b><br>Charges for services relating to zoning such as map enhancements, text amendments, and use permits                | 228,720        | 135,000         | 135,000         | 0.0%              |
| <b>Community Support: Police –</b><br>Charges for community requests for police services at community/neighborhood events                 | 81,218         | 52,016          | 52,000          | 0.0%              |
| <b>Sale of Materials –</b><br>Revenue from City publications or souvenirs   | 12,285         | 15,400          | 15,000          | -2.6%             |
| <b>Fire Safety Fees –</b><br>Revenue from fire inspection and permits   | 121,962        | 120,000         | 120,000         | 0.0%              |
| <b>Fire Review Fees –</b><br>Revenue from fire codes plans review   | 51,231         | 36,000          | 36,000          | 0.0%              |
| <b>Public Works Permits –</b><br>Fees paid by private contractors for design review and inspection services for work within rights-of-way | 134,327        | 200,000         | 200,000         | 0.00%             |
| <b>Swim Team Dues –</b><br>Fees paid for the RMSC swim team   | 206,574        | 206,000         | 245,000         | 18.9%             |
| <b>Rec. Membership Fees –</b><br>Fees paid for memberships to recreation and swim centers   | 441,786        | 549,660         | 523,500         | -4.8%             |
| <b>Recreation and Parks Concessions –</b><br>Revenue received from concessions at City facilities   | 11,096         | 6,000           | 13,000          | 116.7%            |

| Charges for Services:  | Actual<br>FY05     | Adopted<br>FY06    | Adopted<br>FY07    | Percent<br>Change |
|--|--------------------|--------------------|--------------------|-------------------|
| <b>Facility Rental Fees –</b><br>Revenue received from the rental of City facilities   | 541,309            | 575,907            | 637,200            | 10.6%             |
| <b>Recreation Program Fees –</b><br>Revenues from fees for various recreation programs and classes   | 2,266,524          | 2,352,743          | 2,475,255          | 5.2%              |
| <b>Social Services Fees –</b><br>Social services fees at the Senior Center   | 26,679             | 27,813             | 25,300             | -9.0%             |
| <b>Special Events Fees –</b><br>Corporate sponsorship of City events   | 48,970             | 20,000             | 20,000             | 0.0%              |
| <b>Rec. Theme Park Tickets –</b><br>Revenue from sale of tickets to area theme parks through the Maryland Recreation and Parks Association | 128,542            | 140,000            | 140,000            | 0.0%              |
| <b>F. Scott Fitzgerald Theatre Tickets –</b><br>Revenue received from theatre ticket sales   | 248,539            | 309,050            | 308,200            | -0.3%             |
| <b>Internal City Use of Facilities –</b><br>Revenue received from the use of City facilities by City programs and events                   | 12,575             | 19,838             | 25,700             | 29.5%             |
| <b>Pool Merchandise Sales –</b><br>Revenue received from merchandise sold at the Swim Center   | 2,340              | 3,000              | 2,700              | -10.0%            |
| <b>Pool Admission Charges–</b><br>Revenue received from admissions to the Swim Center  | 239,133            | 213,000            | 280,000            | 31.5%             |
| <b>Total Charges for Services</b>  | <b>\$4,803,810</b> | <b>\$4,981,427</b> | <b>\$5,253,855</b> | <b>5.5%</b>       |

# General Fund Revenues, Detail of Major Revenue Sources

## Fines and Forfeitures

Revenue received from fines for red light infractions offsets the cost of the program and the cameras. Any net revenue is contributed to the CIP to fund transportation and pedestrian improvements.

| <b>Fines and Forfeitures:</b>   | <b>Actual<br/>FY05</b> | <b>Adopted<br/>FY06</b> | <b>Adopted<br/>FY07</b> | <b>Percent<br/>Change</b> |
|---|------------------------|-------------------------|-------------------------|---------------------------|
| <b>Municipal Infractions –</b><br>Revenues received from<br>fines for municipal<br>infractions    | 37,635                 | 27,000                  | 25,000                  | -7.4%                     |
| <b>Red Light Camera<br/>Revenue –</b><br>Revenue received from<br>fines for red light infractions | 763,779                | 600,000                 | 750,000                 | 25.0%                     |
| <b>Confiscated Funds –</b><br>Items seized by City Police<br>during commission of a<br>crime      | 10,357                 | 9,000                   | 9,000                   | 0.0%                      |
| <b>Total Fines and<br/>Forfeitures</b>  | <b>\$811,771</b>       | <b>\$636,000</b>        | <b>\$784,000</b>        | <b>23.3%</b>              |

## Use of Money and Property

For the category of interest income, the City of Rockville generally estimates using a rate of five percent. The FY06 budget reflected reduced expectations because of the persistence of extremely low rates.

| <b>Use of Money and Property:</b>  | <b>Actual<br/>FY05</b> | <b>Adopted<br/>FY06</b> | <b>Adopted<br/>FY07</b> | <b>Percent<br/>Change</b> |
|--|------------------------|-------------------------|-------------------------|---------------------------|
| <b>Interest Income –</b><br>Interest received from the<br>investment of City funds   | 307,063                | 160,000                 | 450,000                 | 181.3%                    |
| <b>Returned Check Fee</b>  | 550                    | 200                     | 200                     | 0.0%                      |
| <b>Land Rental –</b><br>Revenue from<br>telecommunications<br>companies for monopolies on<br>City-owned property                 | 104,016                | 110,000                 | 110,000                 | 0.0%                      |
| <b>Building Rental –</b><br>Revenue from the rental of<br>City-owned buildings located<br>on the King Farm                       | 0                      | 30,000                  | 48,000                  | 60.0%                     |
| <b>Community Contribution –</b><br>Contributions from individuals<br>and groups in the community<br>to sponsor specific programs | 91,442                 | 80,500                  | 81,500                  | 1.2%                      |
| <b>Other Grant Revenue –</b><br>Mid-year anticipated grant<br>revenue (undesignated)   | 0                      | 20,000                  | 20,000                  | 0.0%                      |
| <b>Total Use of Money and<br/>Property</b>   | <b>\$503,071</b>       | <b>\$400,700</b>        | <b>\$709,700</b>        | <b>77.1%</b>              |

# General Fund Revenues, Detail of Major Revenue Sources

## Other Revenue / Administrative Charges

Proceeds from the auction of used vehicles vary from year to year depending primarily on the number of vehicles being replaced. This same fluctuation pattern is evident for other miscellaneous revenues. This revenue category also includes charges to enterprise funds for centrally budgeted administrative or "overhead" costs. Each fund pays for its share of the costs through a transfer into the General Fund.

| Other Revenue:  | Actual<br>FY05   | Adopted<br>FY06  | Adopted<br>FY07  | Percent<br>Change |
|---|------------------|------------------|------------------|-------------------|
| <b>Sale of Vehicles –</b><br>Proceeds from the vehicle auction              | 35,654           | 60,000           | 60,000           | 0.0%              |
| <b>Miscellaneous Revenues –</b><br>Other revenues not categorized elsewhere | 105,650          | 147,000          | 67,000           | -54.4%            |
| <b>Recreation Fees (Swim)</b>   | 928              | 2,000            | 1,000            | -50.0%            |
| <b>Total Other Revenue</b>  | <b>\$142,232</b> | <b>\$209,000</b> | <b>\$128,000</b> | <b>-38.8%</b>     |

| Administrative Charges:   | Actual<br>FY05     | Adopted<br>FY06    | Adopted<br>FY07    | Percent<br>Change |
|---|--------------------|--------------------|--------------------|-------------------|
| <b>Water Facility Fund –</b><br>Charges for various direct services received from the General Fund        | 382,620            | 394,099            | 406,000            | 3.0%              |
| <b>Sewer Fund –</b><br>Charges for various direct services received from the General Fund                 | 213,787            | 220,201            | 227,000            | 3.1%              |
| <b>Refuse Fund –</b><br>Charges for various direct services received from the General Fund                | 404,591            | 416,729            | 429,000            | 2.9%              |
| <b>RedGate Golf Course Fund –</b><br>Charges for various direct services received from the General Fund   | 168,330            | 173,380            | 89,500             | -48.4%            |
| <b>Stormwater Management Fund –</b><br>Charges for various direct services received from the General Fund | 137,049            | 141,160            | 145,000            | 2.7%              |
| <b>Parking Fund–</b><br>Charges for various direct services received from the General Fund                | 75,750             | 78,023             | 80,000             | 2.5%              |
| <b>Total Administrative Charges</b>   | <b>\$1,382,127</b> | <b>\$1,423,592</b> | <b>\$1,376,500</b> | <b>-3.3%</b>      |

# Enterprise Funds

Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the cost of expenses, including both operations and capital, are financed or recovered primarily through user charges. The City of Rockville has designated the following operations as enterprise funds: Water Facility, Sewer, Refuse, Parking, Stormwater Management (SWM), and RedGate Golf Course. These funds pay an administration charge to the General Fund to cover indirect costs. All enterprise funds are summarized below and on the pages that follow.

## Water Facility Fund

The Water Facility Fund is used to account for all financial activity associated with the treatment and distribution of potable water. The City provides water service to approximately 12,500 customers within the City limits. In March 2006, the City received the results of the Water and Sewer Rate Study that was prepared by Municipal and Financial Services Group to address concerns about the long-term fiscal health of the Water and Sewer Funds. This budget is based on the study's recommendation of a three-tiered water rate structure: \$1.62 per 1,000 gallons for the first 12,000 gallons used in the quarter, \$2.33 per 1,000 gallons for the next 12,000 gallons used in the quarter, and \$2.50 per 1,000 gallons for usage beyond 24,000 gallons. By contrast, the adopted FY06 rate is \$2.26 per 1,000 gallons for all usage levels.

In addition, the study recommended and this budget includes a flat fee per bill, called a "ready-to-serve" charge that will be split equally between the Water and Sewer Funds. The amount of the charge is based on the size of the water meter and ranges from \$6.00 to \$720.00 per quarter. The study anticipates that the charges will assist the City in formally establishing reserve funds for operating and maintenance as well as repair, renewal, and rehabilitation of the water system.

The Water Fund's FY07 budget will use \$1.7 million of net assets. This is a deficit and indicates the need for additional revenue. The rate study's 10-year financial projection, which anticipates rate increases in coming years, shows that operations will require the use of net assets through roughly FY10, but operating revenues will contribute to net assets afterwards.

Revenue projections for utility charges are based upon the City's growth forecast regarding development, potential development and significant infill projects planned for future years. The number of planned and current water accounts is multiplied by the estimated rates for the fund. The Water Facility Fund is projecting operating water revenues for FY07 of \$4,014,000. Note that operating revenue is net of connection charges, interest income, premium on bonds sold, and appropriated net assets. The Water Fund will receive an additional amount of \$1.0 million from the issuance of bonds in FY07 to fund capital improvements.

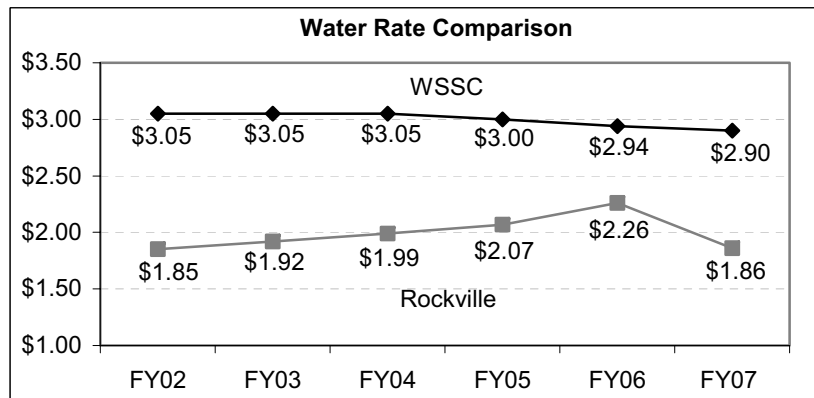
| <b>Water Facility Fund Revenues:</b> | <b>Actual FY05</b> | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|--------------------------------------|--------------------|---------------------|---------------------|-----------------------|
| Sales of Materials                   | 39,172             | \$70,000            | 50,000              | -28.6%                |
| Utility Charges                      | 3,139,886          | 3,541,441           | 3,500,000           | -1.2%                 |
| Penalties                            | 24,657             | 25,000              | 25,000              | 0.0%                  |
| Connection Charges                   | 201,800            | 374,000             | 100,000             | -73.3%                |
| Interest Income                      | 49,937             | 45,902              | 35,000              | -23.8%                |
| Transfer From Sewer                  | 304,773            | 312,057             | 320,000             | 2.5%                  |
| Transfer From Refuse                 | 107,087            | 110,300             | 114,000             | 3.4%                  |
| Premium on Bonds Sold                | 2,987              | 0                   | 0                   | 0.0%                  |
| Miscellaneous Rev.                   | 6,174              | 0                   | 0                   | 0.0%                  |
| Bay Admin. Fee*                      | 404                | 0                   | 5,000               | N/A                   |
| Approp. Net Assets                   | 0                  | 968,887             | 1,659,098           | 71.2%                 |
| <b>Total Revenues</b>                | <b>\$3,876,877</b> | <b>\$5,447,587</b>  | <b>\$5,808,098</b>  | <b>6.6%</b>           |

\* Pass through to State.

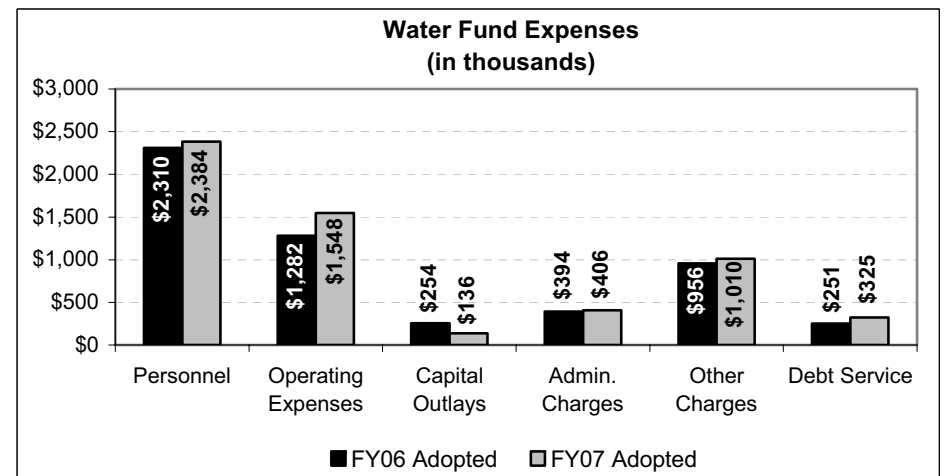
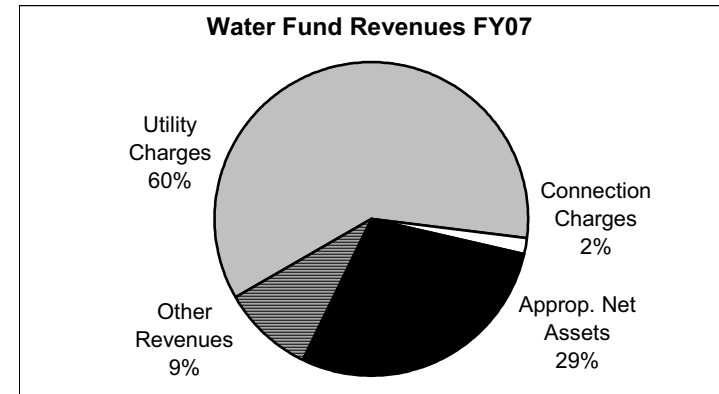
| <b>Water Facility Fund Expenses:</b> | <b>Actual FY05</b> | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|--------------------------------------|--------------------|---------------------|---------------------|-----------------------|
| Salaries                             | 1,319,579          | 1,659,849           | 1,730,844           | 4.3%                  |
| Benefits                             | 409,886            | 519,773             | 523,001             | 0.6%                  |
| Overtime                             | 111,746            | 130,286             | 130,286             | 0.0%                  |
| Personnel Subtotal                   | 1,841,211          | 2,309,908           | 2,384,131           | 3.2%                  |
| Contractual Services                 | 320,327            | 412,224             | 369,628             | -10.3%                |
| Commodities                          | 656,433            | 869,842             | 1,178,339           | 35.5%                 |
| Operating Subtotal                   | 976,760            | 1,282,066           | 1,547,967           | 20.7%                 |
| Capital Outlays                      | 150,323            | 254,126             | 135,500             | -46.7%                |
| Administrative Charges               | 382,620            | 394,099             | 406,000             | 3.0%                  |
| Other Charges                        | 1,147,762          | 956,390             | 1,009,500           | 5.6%                  |
| Debt Service                         | 218,581            | 250,998             | 325,000             | 29.5%                 |
| <b>Total Expenses</b>                | <b>\$4,717,257</b> | <b>\$5,447,587</b>  | <b>\$5,808,098</b>  | <b>6.6%</b>           |

# Enterprise Funds

| Water Facility Fund by Department: | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|------------------------------------|--------------------|--------------------|--------------------|----------------|
| Finance                            | 690,936            | 814,438            | 710,521            | -12.8%         |
| Public Works                       | 2,321,004          | 2,844,872          | 3,233,177          | 13.6%          |
| Non-Departmental                   | 1,705,317          | 1,788,277          | 1,864,400          | 4.3%           |
| <b>Totals by Department</b>        | <b>\$4,717,257</b> | <b>\$5,447,587</b> | <b>\$5,808,098</b> | <b>6.6%</b>    |



Note: The rates shown above represent the usage charge per 1,000 gallons, assuming an average usage of 250 gallons per day. In addition to usage charges, WSSC charges an \$11.00 per quarter flat fee. Rockville is proposing a quarterly fee that will be \$9.00 for most households.



# Enterprise Funds

## Sewer Fund

The Sewer Fund accounts for the financial activity associated with the collection and treatment of sewage. Charges are based on water consumption unless the customer uses a sub-meter. Nearly all of the capital costs in the Sewer Fund and a substantial portion of the operating costs are payments for the operation of and capital improvements to the Blue Plains Wastewater Treatment Plant. The 1998 Master Plan for the District of Columbia Water and Sewer Authority (DCWASA) included a significant increase in planned capital costs. The City's share of Blue Plains' capital improvements is proportionate to the City's allocation of treatment capacity. The Blue Plains Waste Water Treatment CIP project contains additional information regarding the City's capital costs for sewer treatment.

In March 2006, the City received the results of the Water and Sewer Rate Study that was prepared by Municipal and Financial Services Group to address concerns about long-term fiscal health of the Water and Sewer Funds. This budget is based on the study's recommendation of a sewer consumption charge of \$3.63 per 1,000 gallons, which is a 12-cent reduction in the FY06 sewer rate of \$3.75. In addition, the study recommended and this budget includes a flat fee per bill, called a "ready-to-serve" charge that will be split equally between the Water and Sewer Funds. The amount of the charge is based on the size of the water meter and ranges from \$6.00 to \$720.00 per quarter. The study anticipates that the charges will assist the City in formally establishing reserve funds for operating and maintenance as well as repair, renewal, and rehabilitation of the water system.

The budget assumes the use of \$148,000 of net assets in the Sewer Fund to support operations. The rate study includes ten-year cash flows that project only modest increases in the sewer rate in coming years.

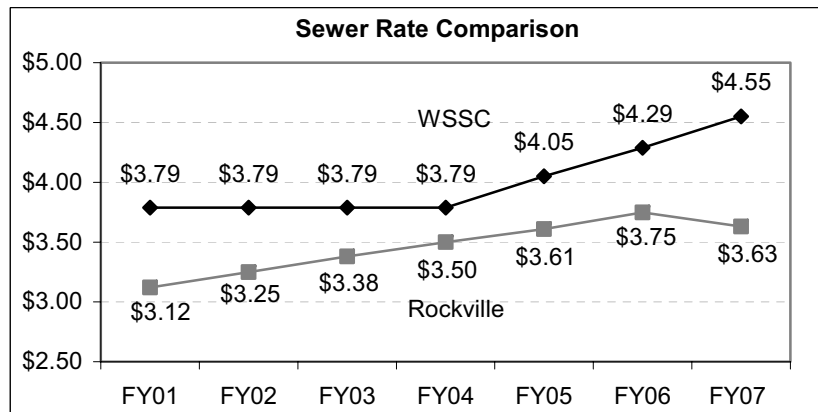
During FY07, the Sewer Fund will issue bonds in the amount of \$3.4 million to finance the additional improvements at the Blue Plains facility. Revenue projections for the fund are based upon the City's growth forecast regarding development planned for future years. The number of planned and current sewer accounts is then multiplied by the estimated rates for the fund. The Sewer Fund is projecting operating sewer revenues for FY07 of \$5,645,000. Note that operating revenue is net of connection charges, interest income, premium on bonds sold, and appropriated net assets.

| <b>Sewer Fund Revenues:</b> | <b>Actual FY05</b> | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|-----------------------------|--------------------|---------------------|---------------------|-----------------------|
| Utility Charges             | 5,174,364          | 5,653,104           | 5,600,000           | -0.9%                 |
| Penalties                   | 38,762             | 45,000              | 45,000              | 0.0%                  |
| Connection Charges          | 211,900            | 328,900             | 100,000             | -69.6%                |
| Interest Income             | 61,748             | 31,928              | 45,000              | 40.9%                 |
| Premium on Bonds Sold       | 3,327              | 0                   | 0                   | 0.0%                  |
| Appropriated Net Assets     | 0                  | 0                   | 148,174             | N/A                   |
| <b>Total Revenues</b>       | <b>\$5,490,100</b> | <b>\$6,058,932</b>  | <b>\$5,938,174</b>  | <b>-2.0%</b>          |

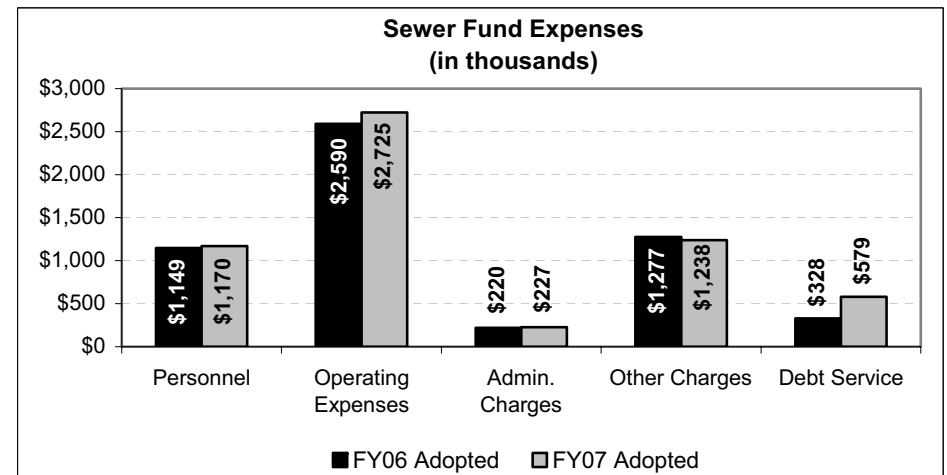
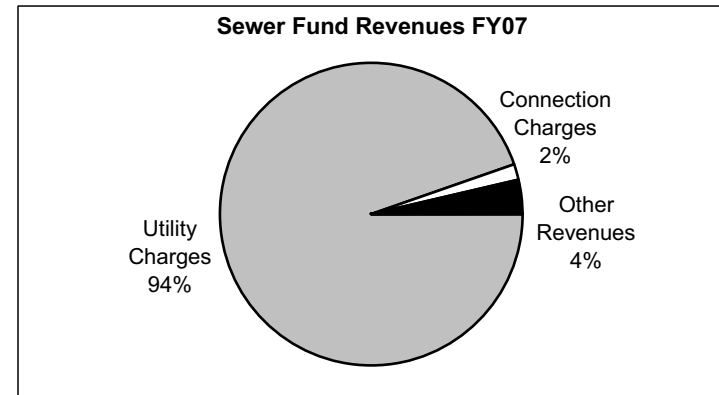
| <b>Sewer Fund Expenses:</b> | <b>Actual FY05</b> | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|-----------------------------|--------------------|---------------------|---------------------|-----------------------|
| Salaries                    | 757,739            | 810,571             | 838,175             | 3.4%                  |
| Benefits                    | 201,905            | 256,791             | 250,188             | -2.6%                 |
| Overtime                    | 62,530             | 81,228              | 81,228              | 0.0%                  |
| Personnel Subtotal          | 1,022,174          | 1,148,590           | 1,169,591           | 1.8%                  |
| Contractual Services        | 1,623,496          | 2,416,830           | 2,513,716           | 4.0%                  |
| Commodities                 | 71,499             | 172,749             | 210,867             | 22.1%                 |
| Operating Subtotal          | 1,694,995          | 2,589,579           | 2,724,583           | 5.2%                  |
| Capital Outlays             | 0                  | 0                   | 0                   | 0.0%                  |
| Administrative Charges      | 213,787            | 220,201             | 227,000             | 3.1%                  |
| Other Charges               | 1,169,233          | 1,276,633           | 1,238,000           | -3.0%                 |
| Addition to Net Assets      | 0                  | 495,921             | 0                   | -100.0%               |
| Debt Service                | 328,581            | 328,008             | 579,000             | 76.5%                 |
| <b>Total Expenses</b>       | <b>\$4,428,770</b> | <b>\$6,058,932</b>  | <b>\$5,938,174</b>  | <b>-2.0%</b>          |

# Enterprise Funds

| Sewer Fund by Department:   | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|-----------------------------|--------------------|--------------------|--------------------|----------------|
| Mayor and Council           | 0                  | 5,000              | 5,000              | 0.0%           |
| Public Works                | 2,632,301          | 3,611,274          | 3,800,274          | 5.2%           |
| Non-Departmental            | 1,796,469          | 2,442,658          | 2,132,900          | -12.7%         |
| <b>Totals by Department</b> | <b>\$4,428,770</b> | <b>\$6,058,932</b> | <b>\$5,938,174</b> | <b>-2.0%</b>   |



Note: The rates shown above represent charge per 1,000 gallons, assuming an average usage of 250 gallons per day. In addition to usage charges, WSSC charges an \$11.00 per quarter administrative fee. Rockville's quarterly fee is \$9.00.



# Enterprise Funds

## Refuse Fund

The Refuse Fund is used to account for all the financial activity associated with the collection and disposal of refuse, recycling, and yard waste. The refuse rate in the FY07 budget is \$31.00 per month, which is a \$1.50 increase over the FY06 rate to cover increased operating costs. Further refuse rate increases will be needed in future years to accommodate cost increases and to achieve the appropriate break-even rate. A pilot program is currently underway to evaluate the savings that would result from a change to once-a-week curbside collection. Presently the City collects refuse twice weekly and will pick up from the side or back of the house.

The budget assumes the use of \$153,000 in net assets in the Refuse Fund as the result of operations. Six-year cash flows are prepared to set refuse rates and to ensure that projected revenues can support operating and capital improvement expenses for the fund and that the fund can be maintained as an on-going concern.

Revenue projections for the fund are based upon the City's growth forecast regarding development planned for future years. The number of planned and current refuse accounts is multiplied by the estimated rates for the fund. The Refuse Fund is projecting operating refuse revenues for FY07 of \$5.1 million. Note that operating revenue is net of interest income, transfer from General Fund and appropriated net assets. A debt issuance of \$325,000 is planned in FY07 to fund the purchase of vehicles.

| Refuse Fund Revenues:   | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|-------------------------|--------------------|--------------------|--------------------|----------------|
| Customer Charges        | 4,469,272          | 4,900,894          | 5,024,307          | 2.5%           |
| Penalties               | 46,519             | 35,000             | 41,000             | 17.1%          |
| Interest Income         | 3,616              | 2,500              | 4,500              | 80.0%          |
| Transfer-General Fund*  | 36,792             | 36,792             | 60,000             | 63.1%          |
| Premium on Bonds Sold   | 5                  | 0                  | 0                  | 0.0%           |
| Appropriated Net Assets | 0                  | 197,070            | 153,317            | -22.2%         |
| <b>Total Revenues</b>   | <b>\$4,556,204</b> | <b>\$5,172,256</b> | <b>\$5,283,124</b> | <b>2.1%</b>    |

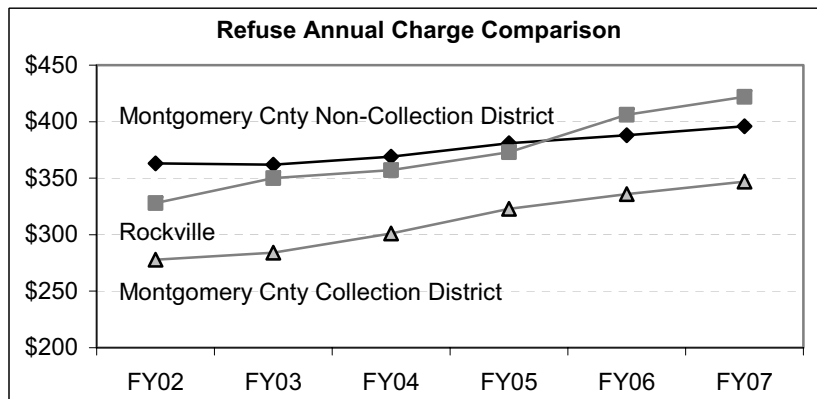
\* The transfer from the General Fund to the Refuse Funds supports refuse pickup for Rockville Housing Enterprises (RHE) housing units.

| Refuse Fund Expenses:  | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|------------------------|--------------------|--------------------|--------------------|----------------|
| Salaries               | 1,858,226          | 2,125,842          | 2,033,107          | -4.4%          |
| Benefits               | 591,224            | 681,508            | 680,076            | -0.2%          |
| Overtime               | 97,618             | 105,357            | 112,280            | 6.6%           |
| Personnel Subtotal     | 2,547,067          | 2,912,707          | 2,825,463          | -3.0%          |
| Contractual Services   | 1,045,188          | 1,081,018          | 1,217,494          | 20.0%          |
| Commodities            | 196,654            | 250,881            | 353,567            | 40.9%          |
| Operating Subtotal     | 1,241,843          | 1,331,899          | 1,571,061          | 18.0%          |
| Capital Outlays        | 1,019              | 0                  | 0                  | 0.0%           |
| Administrative Charges | 404,591            | 416,729            | 429,000            | 2.9%           |
| Other Charges          | 413,619            | 494,214            | 438,100            | -11.4%         |
| Debt Service           | 18,027             | 16,707             | 19,500             | 16.7%          |
| <b>Total Expenses</b>  | <b>\$4,626,165</b> | <b>\$5,172,256</b> | <b>\$5,283,124</b> | <b>2.1%</b>    |



# Enterprise Funds

| Refuse Fund by Department: | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|----------------------------|--------------------|--------------------|--------------------|----------------|
| Mayor & Council            | 17,097             | 10,000             | 10,000             | 0.0%           |
| Public Works               | 3,701,063          | 4,083,572          | 4,254,624          | 4.2%           |
| Non-Departmental           | 908,005            | 1,078,684          | 1,018,500          | -5.6%          |
| <b>Totals by Dept.</b>     | <b>\$4,626,165</b> | <b>\$5,172,256</b> | <b>\$5,283,124</b> | <b>2.1%</b>    |



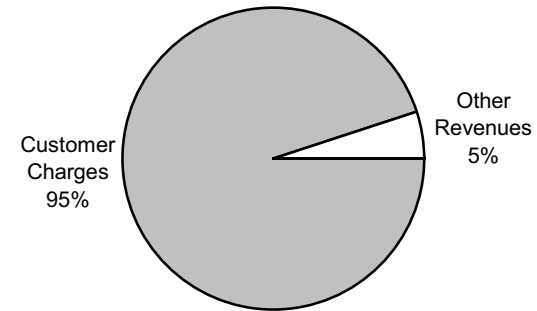
**Notes:**

Montgomery County Non-Collection District includes twice per week collection, no leaf vacuuming, and no special pick-ups.

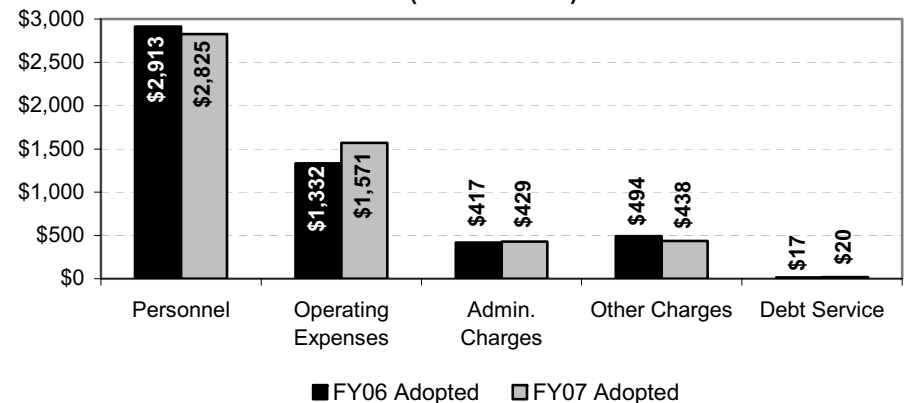
Montgomery County Collection District includes once per week collection, leaf vacuuming, and unlimited special pickups.

Rockville includes twice per week collection, leaf vacuuming, and unlimited special pickups. City residents will pay \$422 total for refuse services in FY07. Residents pay the City \$372 divided into quarterly payments and pay Montgomery County a \$50 Systems Benefit Charge with their tax bill (decrease from \$52 last year).

**Refuse Fund Revenues FY07**



**Refuse Fund Expenses (in thousands)**



# Enterprise Funds

## Utility Charges for Water, Sewer, Refuse

| FY   | Water<br>(per 1,000 gallons)  | Sewer<br>(per 1,000 gallons) | Refuse<br>(monthly) |
|------|---|------------------------------|---------------------|
| 1993 | \$1.35  | \$2.40                       | \$22.00             |
| 1994 | \$1.35  | \$2.40                       | \$22.00             |
| 1995 | \$1.42  | \$2.56                       | \$22.00             |
| 1996 | \$1.42  | \$2.79                       | \$21.00             |
| 1997 | \$1.48  | \$2.79                       | \$21.00             |
| 1998 | \$1.48  | \$2.94                       | \$20.00             |
| 1999 | \$1.58  | \$2.94                       | \$20.00             |
| 2000 | \$1.68  | \$2.99                       | \$20.00             |
| 2001 | \$1.76  | \$3.12                       | \$21.00             |
| 2002 | \$1.85  | \$3.25                       | \$22.25             |
| 2003 | \$1.92  | \$3.38                       | \$23.75             |
| 2004 | \$1.99  | \$3.50                       | \$25.50             |
| 2005 | \$2.07  | \$3.61                       | \$27.75             |
| 2006 | \$2.26  | \$3.75                       | \$29.50             |
| 2007 | \$1.62 0 to <12,000<br>\$2.33 12,000 to <24,000<br>\$2.50 24,000 and over | \$3.63                       | \$31.00             |

The table below reflects the fixed monthly ready to serve charge that is based on meter size. The charge is split evenly between water and sewer.

| Meter<br>Size | FY<br>2007 - 2011 |           |
|---------------|-------------------|-----------|
|               | Monthly           | Quarterly |
| 5/8"          | \$2.00            | \$6.00    |
| 3/4"          | \$3.00            | \$9.00    |
| 1"            | \$5.00            | \$15.00   |
| 1 1/2"        | \$10.00           | \$30.00   |
| 2"            | \$16.00           | \$48.00   |
| 3"            | \$32.00           | \$96.00   |
| 4"            | \$50.00           | \$150.00  |
| 6"            | \$100.00          | \$300.00  |
| 8"            | \$160.00          | \$480.00  |
| 10"           | \$240.00          | \$720.00  |

## Parking Fund

The Parking Fund was created to account for the revenue and expenses from parking related activities, including the issuance of parking tickets, the parking meter program, and costs associated with the planning, design, construction, or operation of parking garages in the City's Town Center. The operating budget assumes the use of \$250,000 in the net assets. This is mainly the result of a \$1.1 million transfer from the General Fund that will enable the Parking Fund to cover the debt service on \$36 million of bonds issued to support the construction of the Town Center parking garages. The garages will be open for only a portion of FY07, but for FY08 and beyond, assuming the garages reach their anticipated revenue potential, the amount of transfer needed from the General Fund should be reduced to roughly \$500,000 to \$800,000. Revenue projections for street meters and violations are based upon an estimated number of parking violations and parking meter usage rates. A consultant projected revenue for the parking garages.

The Parking Fund will include a few new revenue sources in FY07. First, commercial properties within the Town Center area will be taxed at a rate of 30 cents per \$100 of assessed value in addition to the 31.2 cents rate on all real property in the City. Second, Montgomery County will provide a PILOT payment in the amount \$110,000 and a CIP contribution of \$180,000. Finally, the City's General Fund will provide a PILOT payment to support its property in the Parking District.

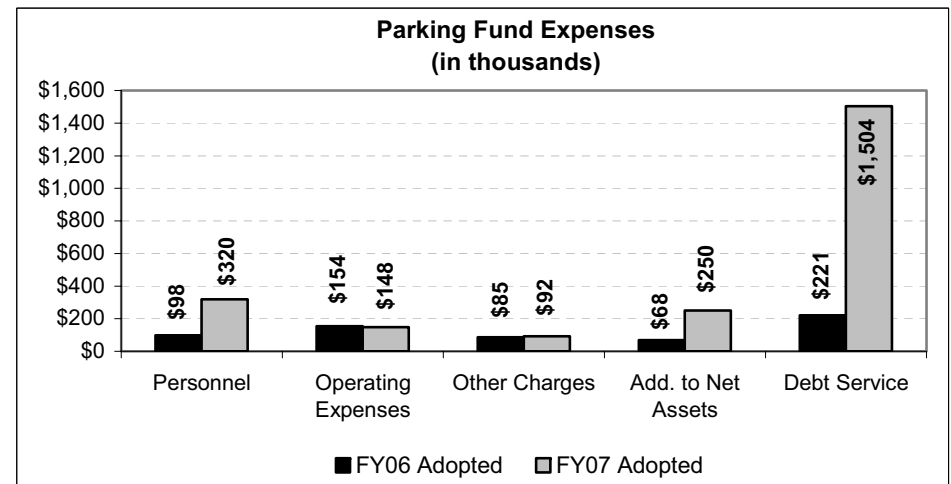
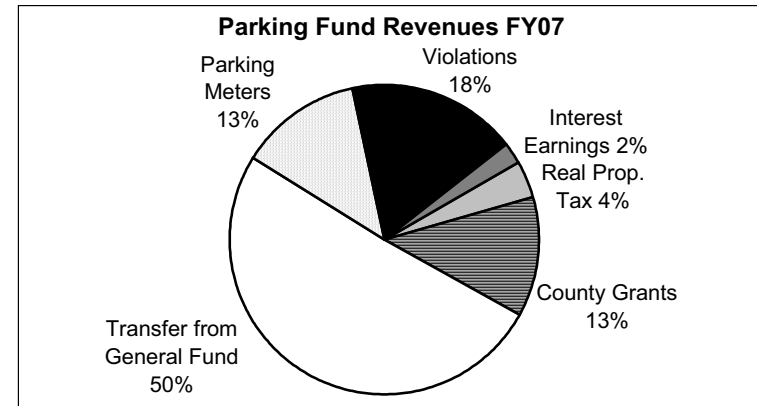
| Parking Fund<br>Revenues:                  | Actual<br>FY05   | Adopted<br>FY06  | Adopted<br>FY07    | Percent<br>Change |
|--|------------------|------------------|--------------------|-------------------|
| Real Prop. Tax                             | 0                | 0                | 90,000             | N/A               |
| County Contribution                        | 0                | 0                | 290,000            | N/A               |
| Parking Meters                             | 187,416          | 167,468          | 301,500            | 80.0%             |
| Parking Violations                         | 394,453          | 408,412          | 410,000            | 0.4%              |
| Transfer from General<br>Fund (City PILOT) | 0                | 0                | 53,000             | N/A               |
| Transfer from<br>General Fund              | 0                | 0                | 1,119,224          | N/A               |
| Premium on Bonds<br>Sold                   | 96               | 0                | 0                  | 0.0%              |
| Interest Earnings                          | 26,571           | 50,000           | 50,000             | 0.0%              |
| <b>Total Revenue</b>                       | <b>\$608,536</b> | <b>\$625,880</b> | <b>\$2,313,724</b> | <b>269.7%</b>     |

# Enterprise Funds

## Parking Fund, continued:

| Parking Fund Expenses: | Actual FY05      | Adopted FY06     | Adopted FY07       | Percent Change |
|------------------------|------------------|------------------|--------------------|----------------|
| Salaries               | 62,574           | 72,769           | 232,273            | 219.2%         |
| Benefits               | 21,991           | 25,568           | 87,366             | 241.7%         |
| Overtime               | 686              | 0                | 0                  | 0.0%           |
| Personnel Subtotal     | 85,250           | 98,337           | 319,639            | 225.0%         |
| Contract. Services     | 3,602            | 136,424          | 110,406            | -19.1%         |
| Commodities            | 14,156           | 17,371           | 38,079             | 119.2%         |
| Operating Subtotal     | 17,758           | 153,795          | 148,485            | -3.5%          |
| Capital Outlays        | 0                | 0                | 0                  | 0.0%           |
| Other Charges          | 8,224            | 7,262            | 12,100             | 66.6%          |
| Admin. Charges         | 75,750           | 78,023           | 80,000             | 2.5%           |
| Add. to Net Assets     | 0                | 67,660           | 250,000            | 269.5%         |
| Debt Service           | 200,979          | 220,803          | \$1,503,500        | 580.9%         |
| <b>Total Expenses</b>  | <b>\$387,961</b> | <b>\$625,880</b> | <b>\$2,313,724</b> | <b>269.7%</b>  |

| Parking Fund by Department: | Actual FY05      | Adopted FY06     | Adopted FY07       | Percent Change |
|-----------------------------|------------------|------------------|--------------------|----------------|
| CPDS                        | 0                | 135,000          | 136,919            | 1.4%           |
| Police                      | 94,430           | 111,244          | 322,097            | 189.5%         |
| Public Works                | 3,000            | 3,400            | 3,508              | 3.2%           |
| Non-Departmental            | 290,531          | 376,236          | 1,851,200          | 392.0%         |
| <b>Totals by Dept.</b>      | <b>\$387,961</b> | <b>\$625,880</b> | <b>\$2,313,724</b> | <b>269.7%</b>  |



# Enterprise Funds

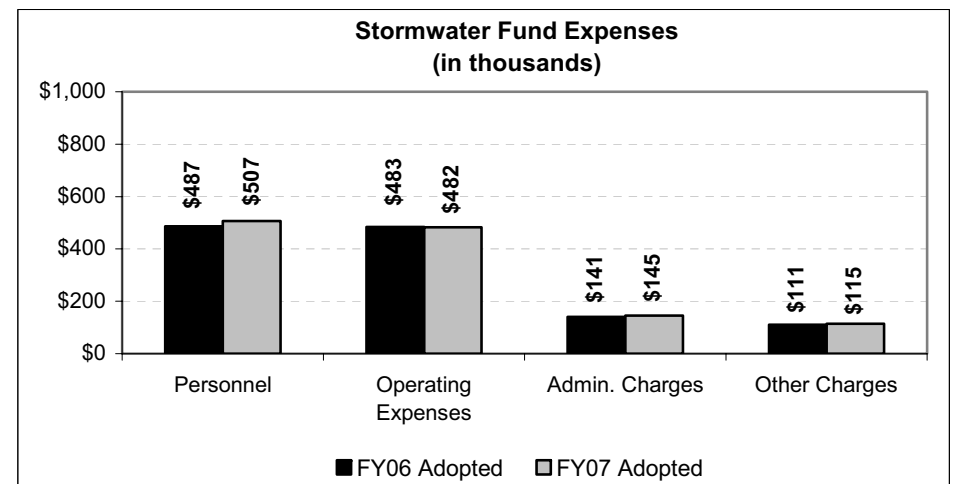
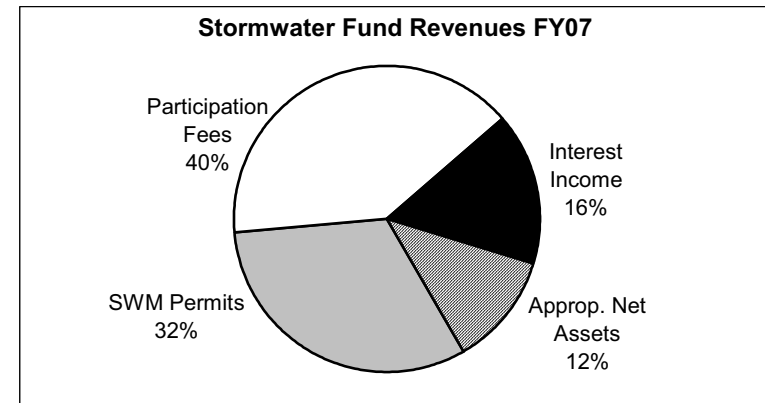
## Stormwater Management Fund

The Stormwater Management (SWM) Fund accounts for the costs of maintaining existing SWM facilities and constructing new facilities. In FY07, the operating budget assumes a reduction to net assets of \$149,000. Revenue estimates are based on projected development. A staff analysis indicates that an annual fee will need to be established by FY08 in order to provide ongoing support for SWM activities, particularly in light of changes to environmental requirements. A study was initiated in FY05 to lay the groundwork for establishing this fee.

| SWM Fund Revenues:              | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|---------------------------------|--------------------|--------------------|--------------------|----------------|
| SWM Permits                     | 209,811            | 400,000            | 400,000            | 0.0%           |
| Regional SWM Participation Fees | 911,091            | 250,000            | 500,000            | 100.0%         |
| Interest Income                 | 156,845            | 95,000             | 200,000            | 110.5%         |
| Approp. Net Assets              | 0                  | 477,244            | 148,982            | -68.8%         |
| <b>Total Revenues</b>           | <b>\$1,277,747</b> | <b>\$1,222,244</b> | <b>\$1,248,982</b> | <b>2.2%</b>    |

| SWM Fund Expenses:     | Actual FY05      | Adopted FY06       | Adopted FY07       | Percent Change |
|------------------------|------------------|--------------------|--------------------|----------------|
| Salaries               | 306,555          | 390,732            | 410,436            | 5.0%           |
| Benefits               | 83,394           | 95,863             | 96,325             | 0.5%           |
| Overtime               | 0                | 0                  | 0                  | 0.0%           |
| Personnel Subtotal     | 389,949          | 486,595            | 506,762            | 4.1%           |
| Contractual Services   | 181,907          | 477,897            | 477,900            | 0.0%           |
| Commodities            | 4,406            | 5,400              | 4,320              | -20.0%         |
| Operating Subtotal     | 186,313          | 483,297            | 482,220            | -0.2%          |
| Capital Outlays        | 0                | 0                  | 0                  | 0.0%           |
| Administrative Charges | 137,049          | 141,160            | 145,000            | 2.7%           |
| Other Charges          | 111,193          | 111,192            | 115,000            | 3.4%           |
| <b>Total Expenses</b>  | <b>\$824,503</b> | <b>\$1,222,244</b> | <b>\$1,248,982</b> | <b>2.2%</b>    |

| SWM Fund Expenses by Department: | Actual FY05      | Adopted FY06       | Adopted FY07       | Percent Change |
|----------------------------------|------------------|--------------------|--------------------|----------------|
| Mayor and Council                | 1,139            | 15,000             | 15,000             | 0.0%           |
| Public Works                     | 566,015          | 940,035            | 962,682            | 2.4%           |
| Non-Departmental                 | 257,349          | 267,209            | 271,300            | 1.5%           |
| <b>Totals by Department</b>      | <b>\$824,503</b> | <b>\$1,222,244</b> | <b>\$1,248,982</b> | <b>2.2%</b>    |



# Enterprise Funds

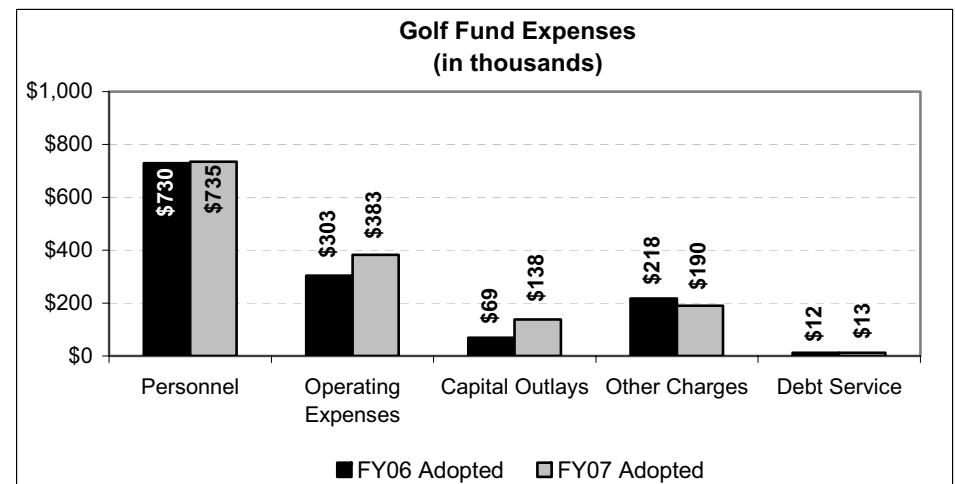
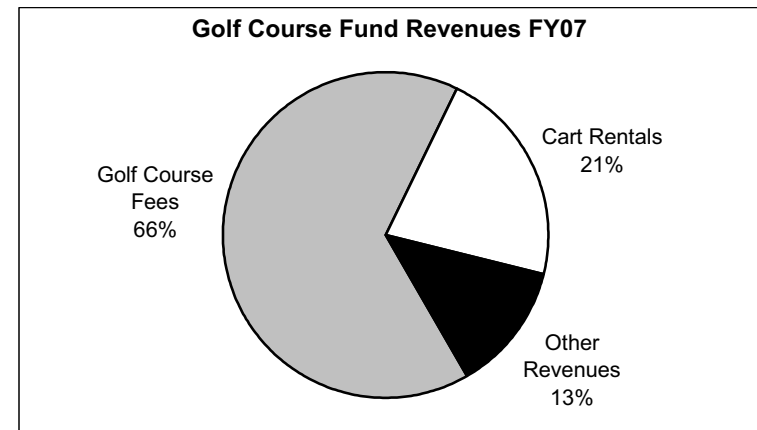
## RedGate Golf Course Fund

The RedGate Golf Course Fund is used to account for the financial activity associated with the City's public golf course. Revenue projections are based upon the average fee per round of play multiplied by the total estimated rounds per fiscal year, and added to the estimated revenue from golf cart rentals. The RedGate Golf Course Fund is projecting Golf Course fee revenues for FY07 of \$1,189,000. The fund will require the use of net assets in the amount of \$155,000 to meet operating needs. A study that analyzed the financial situation of the golf course was presented to the Mayor and Council in March 2006. To address the deficit in the Fund, the administrative charge was reduced by 50 percent, marketing efforts will be intensified, and there will be capital improvements made to the course.

| Golf Course Fund Revenues: | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|----------------------------|--------------------|--------------------|--------------------|----------------|
| Golf Course Fees           | 820,439            | 978,882            | 883,000            | -9.8%          |
| Concessions                | 12,732             | 12,480             | 12,500             | 0.2%           |
| Cart Rentals               | 267,820            | 267,518            | 288,000            | 7.7%           |
| Pro Shop Rental            | 0                  | 4,250              | 4,200              | -1.2%          |
| Driving Range Fee          | 1,126              | 1,560              | 1,500              | -3.8%          |
| Interest Income            | 6                  | 0                  | 0                  | 0.0%           |
| Transfer from General Fund | 0                  | 0                  | 114,500            | N/A            |
| Approp. Net Assets         | 0                  | 67,056             | 154,946            | 131.1%         |
| <b>Total Revenues</b>      | <b>\$1,102,123</b> | <b>\$1,331,747</b> | <b>\$1,458,646</b> | <b>9.5%</b>    |

| Golf Course Fund Expenses: | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|----------------------------|--------------------|--------------------|--------------------|----------------|
| Salaries                   | 535,715            | 553,741            | 555,404            | 0.3%           |
| Benefits                   | 17,832             | 149,085            | 152,884            | 2.5%           |
| Overtime                   | 126,068            | 26,816             | 26,816             | 0.0%           |
| Personnel Subtotal         | 679,616            | 729,642            | 735,105            | 0.7%           |
| Contract. Services         | 90,325             | 105,050            | 149,425            | 42.2%          |
| Commodities                | 181,224            | 198,121            | 233,592            | 17.9%          |
| Operating Subtotal         | 271,549            | 303,171            | 383,017            | 26.3%          |
| Capital Outlays            | 15,240             | 68,719             | 138,424            | 101.4%         |
| Admin. Charges             | 168,330            | 173,380            | 89,500             | -48.4%         |
| Other Charges              | 93,004             | 44,350             | 100,100            | 125.7%         |
| Debt Service               | 14,911             | 12,484             | 12,500             | 0.1%           |
| <b>Total Expenses</b>      | <b>\$1,242,651</b> | <b>\$1,331,747</b> | <b>\$1,458,646</b> | <b>9.5%</b>    |

| Golf Course Fund by Department: | Actual FY05        | Adopted FY06       | Adopted FY07       | Percent Change |
|---------------------------------|--------------------|--------------------|--------------------|----------------|
| Public Works                    | 8,272              | 28,719             | 70,129             | 144.2%         |
| Recreation and Parks            | 910,211            | 1,019,269          | 1,141,117          | 12.0%          |
| Non-Departmental                | 324,167            | 283,758            | 247,400            | -12.8%         |
| <b>Totals by Department</b>     | <b>\$1,242,651</b> | <b>\$1,331,747</b> | <b>\$1,458,646</b> | <b>9.5%</b>    |



# Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by legal and regulatory provisions to finance specific activities. Included in the special revenue funds are the Special Activities, Community Development Block Grant, and Town Center Management Funds.

## Special Activities Fund

The Special Activities Fund receives revenues from separate fundraising activities by such groups as the Rockville Seniors Inc, the Mansion Gift Shop Docents, and a variety of corporations and community service organizations. Other examples are funds raised for the annual Bike Ride for Rockville, donations from events sponsors, donations and community contributions to Arts programs, Rockville Emergency Assistance Program (REAP), Holiday Drive, sales/donations for the educational and informational materials and items of the Nature Center.

| Special Activities Fund Revenues: | Actual FY05      | Adopted FY06     | Adopted FY07     | Percent Change |
|-----------------------------------|------------------|------------------|------------------|----------------|
| Mansion Rentals                   | 15,000           | 15,000           | 15,000           | 0.0%           |
| Donations                         | 162,937          | 101,000          | 107,450          | 6.4%           |
| State Grant                       | 26,115           | 50,000           | 0                | -100.0%        |
| Interest Income                   | 4,581            | 2,930            | 4,390            | 49.8%          |
| Miscellaneous Revenue             | N/A              | N/A              | 2,300            | N/A            |
| Approp. Fund Balance              | 0                | 269,210          | 322,556          | 19.8%          |
| <b>Total Revenues</b>             | <b>\$208,633</b> | <b>\$438,140</b> | <b>\$451,696</b> | <b>3.1%</b>    |

| Special Activities Fund Expenses: | Actual FY05      | Adopted FY06     | Adopted FY07     | Percent Change |
|-----------------------------------|------------------|------------------|------------------|----------------|
| Salaries                          | 1,769            | 20,000           | 17,965           | -10.2%         |
| Benefits                          | 176              | 0                | 0                | 0.0%           |
| Overtime                          | 0                | 0                | 3,343            | N/A            |
| Personnel Subtotal                | 1,945            | 20,000           | 21,308           | 6.5%           |
| Contractual Services              | 2,457            | 16,417           | 7,000            | -57.4%         |
| Commodities                       | 57,220           | 181,846          | 253,582          | 39.4%          |
| Operating Subtotal                | 59,677           | 198,263          | 260,582          | 31.4%          |
| Capital Outlays                   | 20,706           | 28,245           | 16,948           | -40.0%         |
| Other Charges                     | 113,545          | 191,632          | 152,858          | -20.2%         |
| <b>Total Expenses</b>             | <b>\$195,873</b> | <b>\$438,140</b> | <b>\$451,696</b> | <b>3.1%</b>    |

| Special Activities Fund by Program:*          | Actual FY05      | Adopted FY06     | Adopted FY07     | Percent Change |
|---|------------------|------------------|------------------|----------------|
| "Every 15 Minutes" Program                    | N/A              | N/A              | 4,090            | N/A            |
| Holiday Drive                                 | 24,320           | 35,476           | 32,552           | -8.2%          |
| Rockville Emergency Assistance Program (REAP) | 10,417           | 35,017           | 14,720           | -58.0%         |
| Reaching Individual Self Empowerment (RISE)   | 2,578            | 4,725            | 3,516            | -25.6%         |
| Recreation                                    | 73,024           | 102,795          | 76,766           | -25.3%         |
| Glenview Mansion Improvement                  | 20,706           | 28,245           | 16,948           | -40.0%         |
| Senior Assistance                             | 5,504            | 10,344           | 8,820            | -14.7%         |
| Friends of the Arts                           | 1,985            | 31,547           | 114,748          | 263.7%         |
| Bikeway Program                               | 6,142            | 104,417          | 63,808           | -38.9%         |
| Forest and Tree Preservation                  | 39,993           | 47,711           | 78,393           | 64.3%          |
| Facilities and Equipment                      | 4,849            | 24,610           | 23,026           | -6.4%          |
| Croydon Creek Nature Center                   | 6,355            | 13,253           | 14,309           | 8.0%           |
| <b>Total Expenditures</b>                     | <b>\$195,873</b> | <b>\$438,140</b> | <b>\$451,696</b> | <b>3.1%</b>    |

\* Please refer to the Police Department (Section 10) for additional information on the "Every 15 Minutes" Program and to the Recreation and Parks Department (Section 12) for additional information on the remaining special activities programs.

| Special Activities Fund by Department: | Actual FY05      | Adopted FY06     | Adopted FY07     | Percent Change |
|--|------------------|------------------|------------------|----------------|
| Police                                 | N/A              | N/A              | 4,090            | N/A            |
| Community Services                     | 37,315           | 75,218           | 0                | -100.0%        |
| Recreation and Parks                   | 158,558          | 362,922          | 447,606          | 23.3%          |
| <b>Totals by Department</b>            | <b>\$195,873</b> | <b>\$438,140</b> | <b>\$451,696</b> | <b>3.1%</b>    |

# Special Revenue Funds

## Community Development Block Grant Fund

The Community Development Block Grant (CDBG) Fund is a special revenue fund supported by a sub-grant of federal funds via Montgomery County. The annual budget for this fund consists of unexpended prior years' grants as well as the next year's anticipated grant and is based on the latest information available from Montgomery County.

| <b>CDBG Fund Revenues:</b> | <b>Actual<br/>FY05</b> | <b>Adopted<br/>FY06</b> | <b>Adopted<br/>FY07</b> | <b>Percent<br/>Change</b> |
|----------------------------|------------------------|-------------------------|-------------------------|---------------------------|
| CDBG Block Grant           | 357,432                | 380,000                 | 380,000                 | 0.0%                      |
| Prior Years' Appropriation | 114,613                | 392,882                 | 380,000                 | -3.3%                     |
| <b>Total Revenues</b>      | <b>\$472,045</b>       | <b>\$772,882</b>        | <b>\$760,000</b>        | <b>-1.7%</b>              |

| <b>CDBG Fund Expenditures:</b> | <b>Actual<br/>FY05</b> | <b>Adopted<br/>FY06</b> | <b>Adopted<br/>FY07</b> | <b>Percent<br/>Change</b> |
|--------------------------------|------------------------|-------------------------|-------------------------|---------------------------|
| Salaries                       | 48,530                 | 70,000                  | 70,000                  | 0.0%                      |
| Benefits                       | 7,426                  | 0                       | 0                       | 0.0%                      |
| Overtime                       | 0                      | 0                       | 0                       | 0.0%                      |
| Personnel Subtotal             | 55,956                 | 70,000                  | 70,000                  | 0.0%                      |
| Contractual Services           | 301,476                | 310,000                 | 310,000                 | 0.0%                      |
| Commodities                    | 0                      | 0                       | 0                       | 0.0%                      |
| Operating Subtotal             | 301,476                | 310,000                 | 310,000                 | 0.0%                      |
| Prior Years Expenditures       | 114,613                | 392,882                 | 380,000                 | -3.3%                     |
| <b>Total Expenditures</b>      | <b>\$472,045</b>       | <b>\$772,882</b>        | <b>\$760,000</b>        | <b>-1.7%</b>              |

| <b>CDBG Fund by Department:</b>        | <b>Actual<br/>FY05</b> | <b>Adopted<br/>FY06</b> | <b>Adopted<br/>FY07</b> | <b>Percent<br/>Change</b> |
|--|------------------------|-------------------------|-------------------------|---------------------------|
| Com. Planning and Development Services | 472,045                | 772,882                 | 760,000                 | -1.7%                     |
| <b>Totals by Department</b>            | <b>\$472,045</b>       | <b>\$772,882</b>        | <b>\$760,000</b>        | <b>-1.7%</b>              |

## Town Center Management Fund

This is a new fund that was created to track financial transactions associated with maintaining certain areas within Town Center. In FY08 Mayor and Council may establish a property tax to be levied on property within the Town Center Management District. In FY07, a transfer from the General Fund, as indicated, will be necessary to provide resources for the first year of district operations. The Town Center Management Fund will repay this transfer in the coming years as revenues flow into the fund.

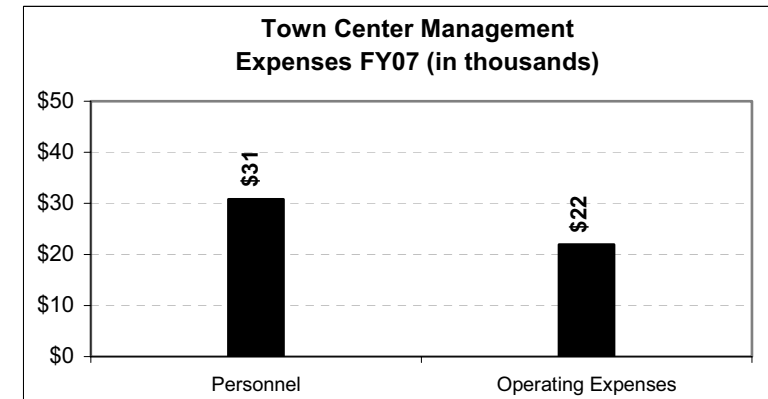
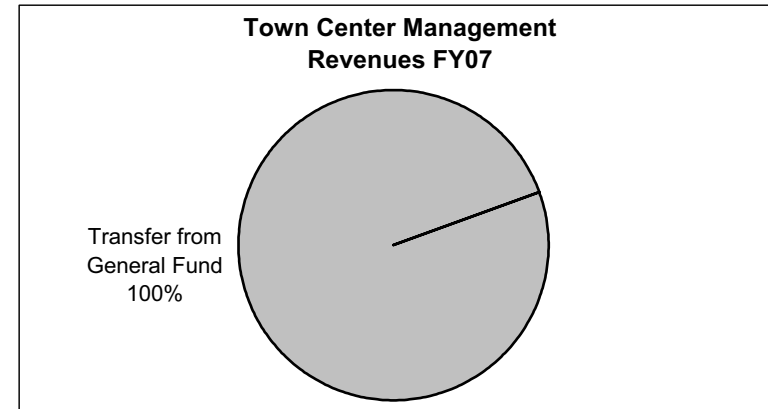
Construction and occupancy of the properties within the district may not take place until the final months of FY07 or the beginning of FY08. The Town Center development agreement limits total taxes that may be levied on residential units, and it is expected the commercial properties will make up the difference between the total needs of the fund and the tax revenue from residential units.

| <b>TC Management Revenues:</b> | <b>Actual<br/>FY05</b> | <b>Adopted<br/>FY06</b> | <b>Adopted<br/>FY07</b> | <b>Percent<br/>Change</b> |
|--------------------------------|------------------------|-------------------------|-------------------------|---------------------------|
| Real Property Tax              | N/A                    | N/A                     | 0                       | N/A                       |
| Personal Property Tax          | N/A                    | N/A                     | 0                       | N/A                       |
| Transfer from General Fund     | N/A                    | N/A                     | 52,736                  | N/A                       |
| <b>Total Revenue</b>           | <b>N/A</b>             | <b>N/A</b>              | <b>\$52,736</b>         | <b>N/A</b>                |

# Special Revenue Funds

| TC Management Expenses by Type: | Actual FY05 | Adopted FY06 | Adopted FY07    | Percent Change |
|---------------------------------|-------------|--------------|-----------------|----------------|
| Salaries                        | N/A         | N/A          | 24,587          | N/A            |
| Benefits                        | N/A         | N/A          | 6,207           | N/A            |
| Overtime                        | N/A         | N/A          | 0               | N/A            |
| Personnel Subtotal              | N/A         | N/A          | 30,794          | N/A            |
| Contract. Services              | N/A         | N/A          | 21,942          | N/A            |
| Commodities                     | N/A         | N/A          | 0               | N/A            |
| Operating Subtotal              | N/A         | N/A          | 21,942          | N/A            |
| Capital Outlays                 | N/A         | N/A          | 0               | N/A            |
| Other Charges                   | N/A         | N/A          | 0               | N/A            |
| Admin. Charges                  | N/A         | N/A          | 0               | N/A            |
| Addition to Net Assets          | N/A         | N/A          | 0               | N/A            |
| Debt Service                    | N/A         | N/A          | 0               | N/A            |
| <b>Total Expenses</b>           | <b>N/A</b>  | <b>N/A</b>   | <b>\$52,736</b> | <b>N/A</b>     |

| TC Management Expenses by Dept: | Actual FY05 | Adopted FY06 | Adopted FY07    | Percent Change |
|---------------------------------|-------------|--------------|-----------------|----------------|
| CPDS                            | N/A         | N/A          | 52,736          | N/A            |
| Non-Departmental                | N/A         | N/A          | 0               | N/A            |
| <b>Totals by Department</b>     | <b>N/A</b>  | <b>N/A</b>   | <b>\$52,736</b> | <b>N/A</b>     |





# Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The fund includes expenditures for the payment of principal and interest due and service charges on debt, other than that supported by enterprise fund revenue. Applicable charts within the budget document present the Debt Service Fund separately after a subtotal has been reached. This is due to the fact that the Debt Service Fund represents the budgeting of transfers from other funds so that there is essentially a double-budgeting effect when the Debt Service Fund records the same expenditure.

In FY06, the City paid off \$12.4 million in short term debt that was used to help fund the Town Center project. In FY05, the City received a developer contribution associated with Town Center to support the repayment.

| <b>Debt Service Fund Revenues:</b> | <b>Actual FY05</b>  | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| Interest Income                    | 188,375             | 194,718             | 250,000             | 28.4%                 |
| Assessments                        | 214,182             | 219,229             | 210,000             | -4.2%                 |
| Transfer from General Fund         | 3,900,133           | 4,019,712           | 5,650,800           | 40.6%                 |
| Premium on Bonds Sold              | 0                   | 0                   | 0                   | 0.0%                  |
| General Obligation Bonds-CIP       | 0                   | 0                   | 0                   | 0.0%                  |
| Developer's Contribution           | 12,350,000          | 0                   | 0                   | 0.0%                  |
| Approp. Fund Balance               | 0                   | 12,599,841          | 0                   | -100.0%               |
| <b>Total Revenues</b>              | <b>\$16,652,690</b> | <b>\$17,033,500</b> | <b>\$6,110,800</b>  | <b>-64.1%</b>         |

| <b>Debt Service Fund Expenditures:</b> | <b>Actual FY05</b> | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|--|--------------------|---------------------|---------------------|-----------------------|
| Principal                              | 3,126,987          | 15,538,665          | 4,106,000           | -73.6%                |
| Interest                               | 1,400,267          | 1,430,794           | 1,546,000           | 8.1%                  |
| Other Charges                          | 32,187             | 64,041              | 65,000              | 1.5%                  |
| Addition to Fund Balance               | 0                  | 0                   | 393,800             | N/A                   |
| <b>Total Expenditures</b>              | <b>\$4,559,441</b> | <b>\$17,033,500</b> | <b>\$6,110,800</b>  | <b>-64.1%</b>         |

| <b>Debt Service Fund by Department:</b> | <b>Actual FY05</b> | <b>Adopted FY06</b> | <b>Adopted FY07</b> | <b>Percent Change</b> |
|---|--------------------|---------------------|---------------------|-----------------------|
| Non-Departmental                        | 4,559,441          | 17,033,500          | \$6,110,800         | -64.1%                |
| <b>Totals by Dept.</b>                  | <b>\$4,559,441</b> | <b>\$17,033,500</b> | <b>\$6,110,800</b>  | <b>-64.1%</b>         |

# Debt Service Fund

## Long-term Debt Summary

The following is a list of the bonds / notes included in the City's long-term debt:

| General Long – Term Debt              | Year of Issuance | Outstanding Principal | Interest Rate Range | Final Maturity |
|---------------------------------------|------------------|-----------------------|---------------------|----------------|
| General Improvements                  | 1998             | 1,005,000             | 3.50-4.30%          | 2013           |
| General Improvements Equipment        | 2000             | 68,547                | 4.17-4.53%          | 2007           |
| General Improvements                  | 2002             | 1,970,990             | 4.00-4.65%          | 2021           |
| General Improvements                  | 2003             | 8,632,997             | 2.00-3.85%          | 2023           |
| General Improvements Refunding        | 2003             | 5,416,537             | 2.00-3.00%          | 2013           |
| General Improvements                  | 2004             | 10,265,000            | 4.00-5.00%          | 2029           |
| Loan Payable                          | 2005             | 512,393               | 2.00%               | 2012           |
| General Improvements                  | 2005             | 14,040,000            | 3.50-6.00%          | 2025           |
| <b>Total General Long – Term Debt</b> |                  | <b>\$41,911,464</b>   |                     |                |

| Enterprise Funds Long – Term Debt              | Year of Issuance | Outstanding Principal | Interest Rate Range | Final Maturity |
|--|------------------|-----------------------|---------------------|----------------|
| General Improvements                           | 1999             | 2,008,903             | 3.21%               | 2019           |
| General Improvements                           | 2000             | 1,533,236             | 3.64%               | 2020           |
| General Improvements                           | 2002             | 2,921,494             | 1.90%               | 2023           |
| General Improvements                           | 2002             | 2,604,010             | 4.00-4.65%          | 2021           |
| General Improvements                           | 2003             | 2,752,003             | 2.00-3.88%          | 2023           |
| General Improvements Refunding                 | 2003             | 2,213,463             | 2.00-3.00%          | 2013           |
| General Improvements                           | 2004             | 7,295,000             | 4.00-5.00%          | 2029           |
| General Improvements                           | 2005             | 1,381,600             | 0.00%               | 2025           |
| General Improvements                           | 2005             | 41,195,000            | 3.50-6.00%          | 2036           |
| <b>Total Enterprise Funds Long – Term Debt</b> |                  | <b>\$63,904,709</b>   |                     |                |

The City anticipates that all amounts required for payment of interest and principal on business-type activities debt will be provided from the respective fund's revenues; however, the bonds are further secured by the full faith and credit and taxing power of the City.

## Long-term Debt Detail

The following is a list of the principal and interest payments due by fiscal year:

| General Long – Term Debt | Principal           | Interest            | Total Payment       |
|--------------------------|---------------------|---------------------|---------------------|
| 2007                     | 4,105,428           | 1,546,411           | 5,651,839           |
| 2008                     | 4,033,922           | 1,411,970           | 5,445,892           |
| 2009                     | 2,942,981           | 1,297,448           | 4,240,429           |
| 2010                     | 2,939,031           | 1,190,477           | 4,129,508           |
| 2011                     | 2,487,298           | 1,093,786           | 3,581,084           |
| 2012                     | 2,462,120           | 1,009,220           | 3,471,340           |
| 2013                     | 2,222,536           | 923,926             | 3,146,462           |
| 2014                     | 1,905,061           | 840,955             | 2,746,016           |
| 2015                     | 1,905,061           | 769,406             | 2,674,467           |
| 2016                     | 1,905,061           | 699,854             | 2,604,915           |
| 2017                     | 1,905,061           | 623,611             | 2,528,672           |
| 2018                     | 1,905,061           | 546,322             | 2,451,383           |
| 2019                     | 1,905,061           | 469,629             | 2,374,690           |
| 2020                     | 1,905,061           | 392,362             | 2,297,423           |
| 2021                     | 1,905,140           | 313,955             | 2,219,095           |
| 2022                     | 1,765,678           | 234,580             | 2,000,258           |
| 2023                     | 1,761,903           | 160,975             | 1,922,878           |
| 2024                     | 1,260,000           | 85,425              | 1,345,425           |
| 2025                     | 690,000             | 28,463              | 718,463             |
| <b>Total</b>             | <b>\$41,911,464</b> | <b>\$13,638,775</b> | <b>\$55,550,239</b> |

# Debt Service Fund

## Enterprise Funds Long-Term Debt

| Water Fund Long – Term Debt | Principal           | Interest           | Total Payment       |
|-----------------------------|---------------------|--------------------|---------------------|
| 2007                        | 989,710             | 370,695            | 1,360,405           |
| 2008                        | 958,477             | 341,895            | 1,300,372           |
| 2009                        | 794,615             | 316,526            | 1,111,141           |
| 2010                        | 798,287             | 293,476            | 1,091,763           |
| 2011                        | 715,813             | 272,487            | 988,300             |
| 2012                        | 720,975             | 252,566            | 973,541             |
| 2013                        | 701,508             | 232,457            | 933,965             |
| 2014                        | 683,781             | 212,110            | 895,891             |
| 2015                        | 696,235             | 192,456            | 888,691             |
| 2016                        | 709,065             | 173,327            | 882,392             |
| 2017                        | 681,102             | 146,664            | 827,766             |
| 2018                        | 598,349             | 115,356            | 713,705             |
| 2019                        | 609,848             | 96,853             | 706,701             |
| 2020                        | 376,896             | 68,307             | 445,203             |
| 2021                        | 236,546             | 48,487             | 285,033             |
| 2022                        | 237,497             | 40,535             | 278,032             |
| 2023                        | 238,210             | 32,566             | 270,776             |
| 2024                        | 175,000             | 14,438             | 189,438             |
| 2025                        | 175,000             | 7,219              | 182,219             |
| <b>Total</b>                | <b>\$11,096,914</b> | <b>\$3,228,420</b> | <b>\$14,325,334</b> |

| Sewer Fund Long – Term Debt | Principal           | Interest           | Total Payment       |
|-----------------------------|---------------------|--------------------|---------------------|
| 2007                        | 1,030,471           | 578,642            | 1,609,113           |
| 2008                        | 1,028,595           | 538,672            | 1,567,267           |
| 2009                        | 928,825             | 506,747            | 1,435,572           |
| 2010                        | 926,554             | 470,874            | 1,397,428           |
| 2011                        | 873,565             | 439,294            | 1,312,859           |
| 2012                        | 866,752             | 408,673            | 1,275,425           |
| 2013                        | 832,687             | 377,808            | 1,210,495           |
| 2014                        | 800,135             | 345,921            | 1,146,056           |
| 2015                        | 800,136             | 314,800            | 1,114,936           |
| 2016                        | 800,136             | 284,906            | 1,085,042           |
| 2017                        | 800,136             | 251,868            | 1,052,004           |
| 2018                        | 795,135             | 218,553            | 1,013,688           |
| 2019                        | 795,136             | 185,967            | 981,103             |
| 2020                        | 795,135             | 153,156            | 948,291             |
| 2021                        | 795,370             | 119,985            | 915,355             |
| 2022                        | 619,518             | 86,575             | 706,093             |
| 2023                        | 618,478             | 61,129             | 679,607             |
| 2024                        | 480,000             | 35,213             | 515,213             |
| 2025                        | 345,000             | 14,231             | 359,231             |
| <b>Total</b>                | <b>\$14,931,764</b> | <b>\$5,393,014</b> | <b>\$20,324,778</b> |

# Debt Service Fund

## Enterprise Funds Long-Term Debt, continued

| Refuse Fund<br>Long – Term Debt | Principal        | Interest        | Total<br>Payment |
|---------------------------------|------------------|-----------------|------------------|
| 2007                            | 184,338          | 19,425          | 203,763          |
| 2008                            | 186,337          | 13,768          | 200,105          |
| 2009                            | 30,000           | 8,320           | 38,320           |
| 2010                            | 30,000           | 6,400           | 36,400           |
| 2011                            | 30,000           | 5,300           | 35,300           |
| 2012                            | 30,000           | 4,200           | 34,200           |
| 2013                            | 30,000           | 3,100           | 33,100           |
| 2014                            | 30,000           | 1,900           | 31,900           |
| 2015                            | 20,000           | 700             | 20,700           |
| <b>Total</b>                    | <b>\$570,675</b> | <b>\$63,113</b> | <b>\$633,788</b> |

| Parking Fund<br>Long – Term Debt | Principal           | Interest            | Total<br>Payment    |
|----------------------------------|---------------------|---------------------|---------------------|
| 2007                             | 620,000             | 1,503,487           | 2,123,487           |
| 2008                             | 650,000             | 1,468,887           | 2,118,887           |
| 2009                             | 675,000             | 1,445,461           | 2,120,461           |
| 2010                             | 710,000             | 1,413,061           | 2,123,061           |
| 2011                             | 735,000             | 1,387,511           | 2,122,511           |
| 2012                             | 760,000             | 1,361,061           | 2,121,061           |
| 2013                             | 785,000             | 1,333,711           | 2,118,711           |
| 2014                             | 820,000             | 1,302,312           | 2,122,312           |
| 2015                             | 850,000             | 1,269,512           | 2,119,512           |
| 2016                             | 885,000             | 1,238,699           | 2,123,699           |
| 2017                             | 920,000             | 1,201,086           | 2,121,086           |
| 2018                             | 960,000             | 1,161,894           | 2,121,894           |
| 2019                             | 1,000,000           | 1,122,714           | 2,122,714           |
| 2020                             | 1,040,000           | 1,081,894           | 2,121,894           |
| 2021                             | 1,080,000           | 1,039,244           | 2,119,244           |
| 2022                             | 1,125,000           | 994,669             | 2,119,669           |
| 2023                             | 1,175,000           | 948,059             | 2,123,059           |
| 2024                             | 1,220,000           | 898,609             | 2,118,609           |
| 2025                             | 1,275,000           | 846,053             | 2,121,053           |
| 2026                             | 1,330,000           | 791,140             | 2,121,140           |
| 2027                             | 1,390,000           | 733,040             | 2,123,040           |
| 2028                             | 1,450,000           | 672,300             | 2,122,300           |
| 2029                             | 1,515,000           | 608,350             | 2,123,350           |
| 2030                             | 1,580,000           | 541,525             | 2,121,525           |
| 2031                             | 1,645,000           | 474,375             | 2,119,375           |
| 2032                             | 1,715,000           | 404,463             | 2,119,463           |
| 2033                             | 1,790,000           | 331,575             | 2,121,575           |
| 2034                             | 1,865,000           | 255,500             | 2,120,500           |
| 2035                             | 1,945,000           | 173,906             | 2,118,906           |
| 2036                             | 2,030,000           | 88,813              | 2,118,813           |
| <b>Total</b>                     | <b>\$35,540,000</b> | <b>\$28,092,911</b> | <b>\$63,632,911</b> |

# Debt Service Fund

## Enterprise Funds Long-Term Debt, continued

| RedGate Golf Long – Term Debt | Principal        | Interest         | Total Payment    |
|-------------------------------|------------------|------------------|------------------|
| 2007                          | 5,945            | 12,365           | 18,310           |
| 2008                          | 5,945            | 12,246           | 18,191           |
| 2009                          | 24,804           | 12,116           | 36,920           |
| 2010                          | 24,803           | 11,526           | 36,329           |
| 2011                          | 24,803           | 10,869           | 35,672           |
| 2012                          | 24,803           | 10,162           | 34,965           |
| 2013                          | 24,804           | 9,418            | 34,222           |
| 2014                          | 24,803           | 8,674            | 33,477           |
| 2015                          | 24,803           | 7,930            | 32,733           |
| 2016                          | 24,803           | 7,156            | 31,959           |
| 2017                          | 24,804           | 6,349            | 31,153           |
| 2018                          | 24,803           | 5,505            | 30,308           |
| 2019                          | 24,803           | 4,637            | 29,440           |
| 2020                          | 24,803           | 3,744            | 28,547           |
| 2021                          | 24,804           | 2,827            | 27,631           |
| 2022                          | 24,803           | 1,896            | 26,699           |
| 2023                          | 24,618           | 954              | 25,572           |
| <b>Total</b>                  | <b>\$383,754</b> | <b>\$128,374</b> | <b>\$512,128</b> |

| SWM Long – Term Debt | Principal          | Interest   | Total Payment      |
|----------------------|--------------------|------------|--------------------|
| 2007                 | 73,663             | 0          | 73,663             |
| 2008                 | 72,663             | 0          | 72,663             |
| 2009                 | 72,663             | 0          | 72,663             |
| 2010                 | 72,663             | 0          | 72,663             |
| 2011                 | 72,663             | 0          | 72,663             |
| 2012                 | 72,663             | 0          | 72,663             |
| 2013                 | 72,663             | 0          | 72,663             |
| 2014                 | 72,663             | 0          | 72,663             |
| 2015                 | 72,663             | 0          | 72,663             |
| 2016                 | 72,663             | 0          | 72,663             |
| 2017                 | 72,663             | 0          | 72,663             |
| 2018                 | 72,663             | 0          | 72,663             |
| 2019                 | 72,663             | 0          | 72,663             |
| 2020                 | 72,663             | 0          | 72,663             |
| 2021                 | 72,663             | 0          | 72,663             |
| 2022                 | 72,663             | 0          | 72,663             |
| 2023                 | 72,664             | 0          | 72,664             |
| 2024                 | 72,664             | 0          | 72,664             |
| 2025                 | 72,664             | 0          | 72,664             |
| <b>Total</b>         | <b>\$1,381,600</b> | <b>\$0</b> | <b>\$1,381,600</b> |